

Waco Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2025

Waco Independent School District
Annual Financial Report
For the Fiscal Year Ended August 31, 2025
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Introductory Section

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Certificate of the Board

Waco Independent School District

Name of School District

McLennan

County

161-914

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2026.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Waco Independent School District
Waco, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Financial Report

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 13, 2025

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Management's Discussion and Analysis

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Management's Discussion and Analysis

As management of the Waco Independent School District (the "District"), we offer readers of the financial statements this narrative overview of the financial activities of the District for the fiscal year ended August 31, 2025. This section of the financial report is intended to:

- Provide a concise overview of the District's financial activity comparing current year to prior year and identifying specific economic factors contributing to changes;
- Assist users of the financial statements in understanding the relationship of the results reported in the government-wide financial statements related to governmental activities and the results reported in the governmental funds financial statements;
- Help the reader focus on the District's financial condition as a whole, describing currently known facts, decisions, or conditions expected to impact the District's financial condition and the availability of fund resources for future years; and
- Identify significant variances between the adopted budget, final budget, and actual expenditures, discussing the impact of these variances on future liquidity.

We encourage readers to consider the information presented in this section in conjunction with the independent auditors' reports and the basic financial statements, including the notes to the financial statements. The information contained in these three sections of the report complement each other.

Financial Highlights

The following highlight changes in the District's financial position at August 31, 2025:

- On a government-wide basis, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46.2 million.
- The District's governmental funds financial statements reported combined ending fund balances of \$110.5 million, a decrease of \$78.2 million over the prior year. The decrease is primarily due to spending on bond projects.
- The District's general fund had an ending fund balance of \$66.4 million, of which \$63.9 million is unassigned and available for the purposes for which these funds are collected. The unassigned amount represents 39.4% of its annual operating expenditures. The total fund balance increased by \$1.2 million from the prior year with the unassigned fund balance increasing by \$3.0 million.
- Fund balances restricted for debt service increased by \$1.7 million to \$5.6 million.
- Fund balances restricted for capital acquisitions and contractual obligations decreased by \$81.6 million to \$29.6 million.

Overview of the Financial Statements

This discussion and analysis serves as an overview of the financial statements. The basic financial statements consist of three components: the government-wide financial statements, the fund financial statements, and the related notes to the financial statements. The notes to the financial statement explain some of the information included in the statements and provide additional detail. The report also contains supplementary information in addition to the basic financial statements, including schedules required by the District's oversight agency, the Texas Education Agency (TEA). The statistical section of the report provides additional financial and statistical data, including data about financial trends that may better inform the reader about the District's activities. These components are illustrated below.

Annual Financial Report	Management's Discussion and Analysis			
	Government-Wide Financial Statements	Fund Financial Statements		
	Statement of Net Position	Governmental Funds Balance Sheet	Proprietary Funds Statement of Net Position	Fiduciary Funds Statement of Net Position
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Fund Net Position	Statement of Changes in Net Position
			Statement of Cash Flows	
	Notes to the Financial Statements			
	Required Supplementary Information and Supplemental Schedules Required by the TEA			
	Statistical Section			

The basic financial statements include both government-wide and fund financial statements. These statements differ in scope, measurement focus, and basis of accounting, as well as in the information provided.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial position, in a manner similar to that of the private sector. The focus of the statements is on the activities of the District as a whole. These statements present a longer-term view of the District's property, debt obligations, and other financial matters.

The *Statement of Net Position* includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at year-end, with the difference reported as *net position*. This statement consolidates current financial resources with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To fully assess the overall health of the District, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, property tax base, and the condition of school buildings and other facilities.

The *Statement of Activities* details how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, current year revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Revenues in the statement of activities are presented in three categories. The first two categories, those provided through user charges and those contributed by outside agencies through grants and contributions, indicate a cost-sharing of specific functional expenses. The third category includes general revenues such as those provided through property taxes or state formula grants. These revenues fund the general operations of the District.

Internal services are accounted for in a proprietary fund and are consolidated with governmental funds in the government-wide statements. The District utilizes an internal services fund to equitably allocate benefit costs to all governmental funds and functional cost centers. Governmental activities also include a blended component unit within the reporting entity. Fiduciary funds are not included in the government-wide statements.

Fund Financial Statements

The fund financial statements report operations in more detail than the government-wide statements by providing information about the District's most significant funds. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District utilizes fund accounting to ensure and demonstrate compliance with the finance-related legal requirements underlying each fund. Funds enable the District to keep track of specific sources of funding and related expenditures. Some funds are required by state law and/or other restrictions such as bond covenants. Others, management establishes to control and manage resources for particular purposes.

The focus of the governmental fund financial statements is on major funds, rather than fund types. Fund types can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash and other financial assets can readily be converted as available resources, as well as on the balances at the end of the fiscal year that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's operations, supplying the basis for tax levies and the appropriations budget.

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

The District maintains numerous governmental funds, as needed, to ensure proper accountability. Information is presented separately in these governmental funds financial statements for the general fund, the debt service fund, and the capital projects fund. The general fund, by definition, is always considered a major fund. For the fiscal year ended August 31, 2025, the capital projects fund is required to be reported as a major fund because the total assets, total liabilities and total expenditures of the fund are at least 10 percent of the corresponding category of all governmental funds. The debt service fund is not required to be reported as a major fund quantitatively; however due to qualitative aspects, management has presented the fund as major. Data from the remaining governmental funds are combined into a single column, entitled "Nonmajor Funds". The nonmajor funds include other federal stimulus fund sources.

- **Proprietary funds** - Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long and short-term financial information. There are two types of proprietary funds:
 - o *Enterprise funds* are used to account for business-type activities. The District does not utilize enterprise funds.
 - o *Internal services funds* are used to accumulate and allocate costs internally among various funds and functions. The District uses an internal service fund to report activities for its health insurance, workers' compensation, and unemployment programs. As internal service funds predominantly benefit governmental functions, they have been consolidated with governmental activities in the government-wide financial statements.

- **Fiduciary funds** - Fiduciary funds are used to account for resources held by the District in a fiduciary capacity or as an agent for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support operations. As fiduciary of these funds, the District is responsible for ensuring that the assets, reported in these funds, are used for their intended purposes. All fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District utilizes fiduciary funds or custodial funds to account for scholarship funds and activities of student groups.

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes immediately follow the fund financial statements and are included for some supplementary schedules.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to general fund budgetary comparison information and required pension system and other postemployment benefits (OPEB) information.

The Supplementary Information section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. This information includes combining and individual fund statements for nonmajor governmental funds and budget comparisons for funds required to be reported, which does not meet the criteria for Required Supplementary Information. This section also includes certain compliance schedules required by the Texas Education Agency.

Government-wide Financial Analysis

Presented in the following schedules are the summarized Statement of Net Position and Statement of changes in Net Position for both current and prior year data. The analysis focuses on the current year in comparison to prior year amounts on the net position and changes in net position of the District's governmental activities.

Net Position

For the fiscal year ended August 31, 2025, the District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$46.2 million (net position), a decrease of \$15.0 million from the prior year. The decrease is the net effect of a \$0.5 million increase from operations and a \$15.5 million decrease resulting from the implementation of GASB Statement No. 101, *Compensated Absences*.

Because the restatement is the result of a change in accounting principle, the information for 2024 in the MD&A tables have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. See Note 1E. for further information.

The following summarizes changes in the statement of net position in comparison to last year:

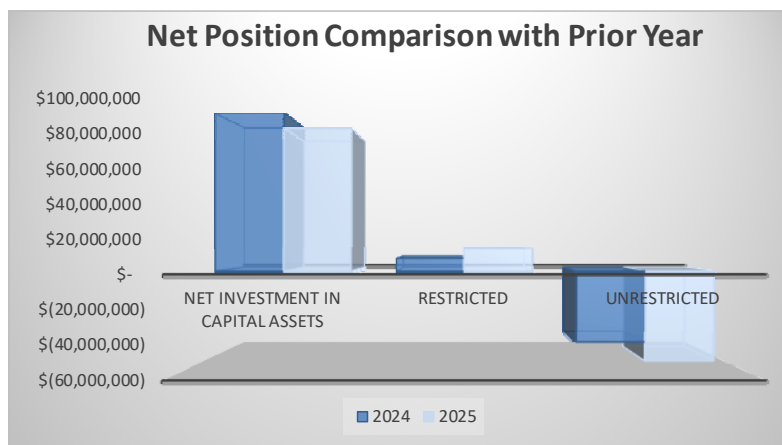
Waco Independent School District's Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 142,953,801	22	\$ 236,207,452	34	\$ (93,253,651)	(39)
Capital assets, net of accumulated depreciation/amortization	516,837,429	78	450,528,757	66	66,308,672	15
Total assets	659,791,230	100	686,736,209	100	(26,944,979)	
Total deferred outflows of resources	41,163,545	100	48,670,426	100	(7,506,881)	(15)
Other liabilities	28,550,865	5	43,743,036	7	(15,192,171)	(35)
Long-term liabilities outstanding	588,799,468	95	581,776,605	93	7,022,863	1
Total liabilities	617,350,333	100	625,519,641	100	(8,169,308)	
Total deferred inflows of resources	37,361,361	100	48,623,926	100	(11,262,565)	(23)
Net position:						
Net investment in capital assets	89,126,986	192	98,514,208	160	(9,387,222)	(10)
Restricted	13,758,425	30	7,704,506	13	6,053,919	79
Unrestricted	(56,642,330)	(122)	(44,955,646)	(73)	(11,686,684)	26
Total net position	\$ 46,243,081	100	\$ 61,263,068	100	\$ (15,019,987)	

A significant portion of the District's net position is reflected in its investment in capital assets, e.g., land, buildings, right-to-use leased assets, equipment, right-to-use subscription assets, and furniture, equipment and vehicles, less any outstanding related debt used to acquire the assets. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate the liabilities. The District's net investment in capital assets decreased \$9.4 million due to the net effect of an increase in capital assets and a decrease in unspent bond proceeds.

Additionally, \$13.8 million of the net position represents resources subject to external restrictions on how they are used, primarily the National School Breakfast and Lunch program; as well as resources which are restricted for debt service.

The unrestricted net position for governmental activities, the portion of net position that can be used to finance ongoing operations of the District without restrictions established by debt covenants, enabling legislation, or other legal requirements, amounted to a deficit of \$56.6 million at August 31, 2025, decreasing \$11.7 million from the prior year.



Changes in Net Position

The following table provides a summary comparing the District's operations for the years ended August 31, 2025 and 2024. For the year ended August 31, 2025, governmental activities increased the District's net position by \$0.5 million as a result of operations.

Waco Independent School District Changes in Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	\$ 5,747,189	3	\$ 5,133,801	2	\$ 613,388	12
Operating grants and contributions	41,902,146	19	56,859,768	23	(14,957,622)	(26)
General revenues:						
Property taxes, levied for general purposes	65,308,865	29	64,942,568	27	366,297	1
Property taxes, levied for debt service	24,094,379	11	22,135,234	9	1,959,145	9
Grants and contributions not restricted to specific programs	80,624,322	35	80,937,302	33	(312,980)	-
Investment earnings	7,359,415	3	11,473,894	5	(4,114,479)	(36)
Gain on sale of capital asset	-	-	86,955	-	(86,955)	(100)
Miscellaneous	655,301	-	1,108,061	1	(452,760)	(41)
Total revenues	225,691,617	100	242,677,583	100	(16,985,966)	
Expenses						
Instruction	107,652,339	48	111,508,483	49	(3,856,144)	(3)
Instructional resources and media services	2,404,641	1	2,504,535	1	(99,894)	(4)
Curriculum and instructional staff development	7,999,538	4	9,225,688	4	(1,226,150)	(13)
Instructional leadership	4,143,747	2	5,141,423	2	(997,676)	(19)
School leadership	10,396,450	5	10,987,566	5	(591,116)	(5)
Guidance, counseling, and evaluation services	8,447,799	4	8,711,903	4	(264,104)	(3)
Social work services	590,327	-	1,001,581	-	(411,254)	(41)
Health services	1,678,416	1	1,618,002	1	60,414	4
Student transportation	4,148,502	2	4,519,635	2	(371,133)	(8)
Food services	12,267,393	5	11,395,848	5	871,545	8
Cocurricular/extracurricular activities	7,689,359	3	7,515,607	3	173,752	2
General administration	6,032,865	3	6,801,759	3	(768,894)	(11)
Plant maintenance and operations	20,896,932	9	20,020,705	9	876,227	4
Security and monitoring services	5,954,153	3	4,708,245	2	1,245,908	26
Data processing services	5,462,939	2	3,781,108	2	1,681,831	44
Community services	1,259,865	1	1,849,836	1	(589,971)	(32)
Interest on long-term debt	15,722,646	7	15,787,484	7	(64,838)	-
Issuance costs and fees	5,350	-	98,274	-	(92,924)	(95)
Facilities repair and maintenance	329,384	-	-	-	329,384	-
Payments to related shared service arrangements	411,851	-	374,951	-	36,900	10
Payments to juvenile justice alternative education programs	703,014	-	527,375	-	175,639	33
Payments to tax increment fund	105,344	-	133,786	-	(28,442)	(21)
Other intergovernmental charges	861,976	-	833,438	-	28,538	3
Total expenses	225,164,830	100	229,047,232	100	(3,882,402)	
Change in net position	526,787		13,630,351		(13,103,564)	
Net position - beginning, as originally reported	61,263,068		47,632,717		13,630,351	
Implementation of GASB 101, Compensated Absences	(15,546,774)		-		(15,546,774)	
Net position - beginning, as restated	45,716,294		47,632,717		(1,916,423)	
Net position - ending	\$ 46,243,081		\$ 61,263,068		\$ (15,019,987)	

Governmental Activities

Total revenues, as reflected in the District's governmental activities, decreased \$17.0 million for the fiscal year ended August 31, 2025. Total expenses for the fiscal year decreased \$3.9 million.

Program revenues, in the form of charges for services and operating grants and contributions, are inadequate to support the cost of operations. Consequently, after all program-specific revenues are applied, general revenues must cover all remaining costs. Revenues are generated primarily from two sources: grants and contributions (both program and general revenues), totaling \$122.5 million or 54.0% of total revenues, and property taxes, totaling \$89.4 million or 40.0% of total revenues.

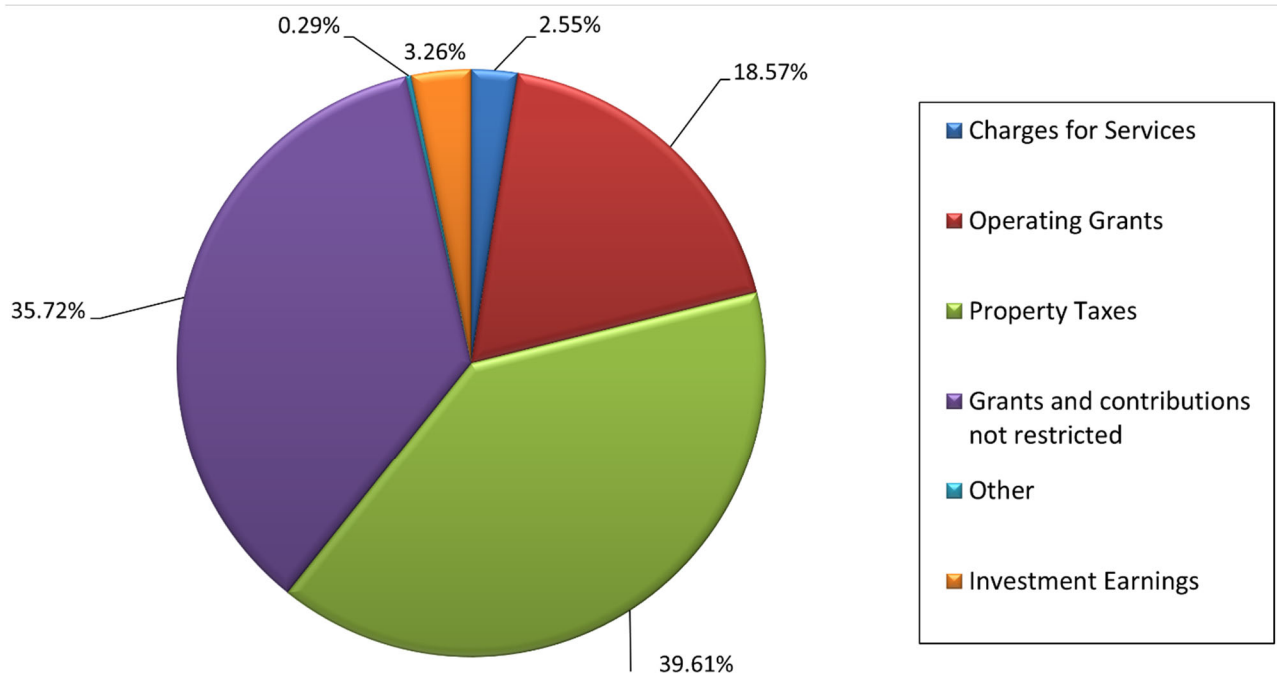
The District's largest single source of revenue comes from local property taxes. Property tax revenue increased \$2.3 million from the prior year. Taxable assessed values increased \$45.1 million or 0.5% and the tax rate increased \$0.01979 or 1.9%.

State formula funding under the Foundation School Program and Available School Fund, totaling \$79.0 million, contributed 35.0% of the District's revenues.

Program-related grants and contributions totaled \$41.9 million. This decrease of \$15.0 million is due to the decrease in federal stimulus funds under Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Education Stabilization Fund (ESSER).

The remaining revenues are generated from charges for services, investment earnings, and miscellaneous revenues. Investment earnings decreased \$4.1 million due to a reduction in cash and investments balances, the result of current year spending on capital projects.

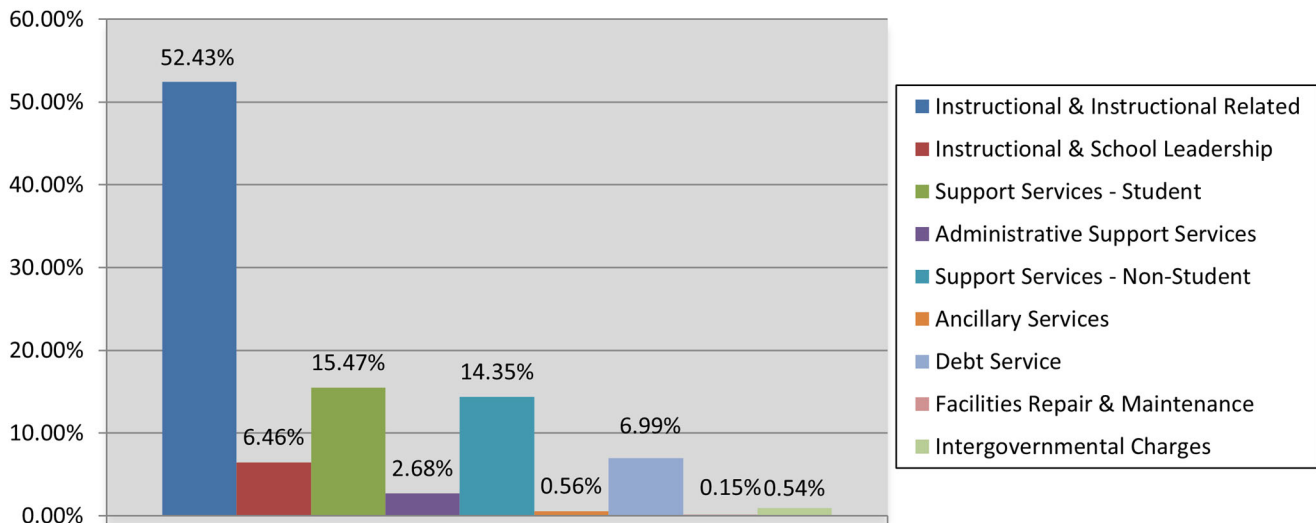
Figure A-1
Revenues by Source - Governmental Activities
For the Fiscal Year Ended August 31, 2025



The cost of all governmental activities totaled \$225.2 million, a \$3.8 million decrease from the prior year, primarily the result of a decline in average daily attendance.

The District's expenses by major functional category are shown on the following chart. \$118.1 million or 52.4% of the District's total expenses was spent on instruction and instructional-related services with another \$34.8 million, 15.5%, attributable to student-based support services and \$14.5 million, 7.0%, to instructional and school leadership. Non-student-based support services totaled \$32.3 million. Intergovernmental expenses to support shared service arrangements the central appraisal district, and the pass-through of tax collections for properties in the Tax Increment Reinvestment Zone totaled \$2.1 million, while expenses related to paying debt service totaled \$15.7 million. The remaining 3.2% was spent for general administrative costs and ancillary services.

Figure A-1
Program Expenses - Governmental Activities
for the Fiscal Year Ended August 31, 2025



Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At August 31, 2025, the District's governmental funds, shown on Exhibit C-1, reported a combined ending fund balance of \$110.5 million, a decrease of \$78.2 million from the prior year. This decrease is primarily due to the spending on bond projects in the capital projects fund.

The remainder of the fund balance is not available for general operations because it is nonspendable, restricted, or committed as follows:

Nonspendable fund balance:	
Investments in inventory	\$ 306,407
Prepaid items	6,025
Restricted fund balance:	
Federal or state funds grant restriction	8,230,911
Capital acquisition and contractual obligations	29,616,469
Retirement of long-term debt	5,622,985
Committed fund balance:	
Construction and other major improvements	1,569,679
Capital expenditures for equipment	250,000
Other committed fund balance	1,044,022

General Fund

The *general fund* is the primary operating fund and supports most of the District's educational program support operations. As of August 31, 2025, the fund balance for the general fund totaled \$66.4 million, increasing \$1.2 million from the prior year. The unassigned portion of the fund balance increased by \$3.0 million to \$63.9 million.

As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. Unassigned fund balance represents 39.4% of total fund expenditures, while the total fund balance is 41.0%.

Debt Service Fund

Reserves in the debt service fund increased by \$1.7 million. The increase in fund balance was largely a result of the increases in both the tax rate and the taxable assessed value of property. The ending debt service reserve of \$5.6 million represents 24.3% of the District's average annual debt service.

Capital Projects Fund

The capital projects fund ended the year with a total fund balance of \$29.6 million, all of which is restricted for capital acquisitions and contractual obligations. The net decrease in fund balance during the current year in the capital projects fund was \$81.6 million due to the spending on capital projects.

Nonmajor Governmental Funds

Nonmajor governmental funds include special revenue funds used to account for all financial resources restricted to or committed for specific purposes by a grantor or other authority. Typically, the special revenue funds do not carry a fund balance. The fund balance shown of \$8.9 million, for the nonmajor governmental funds represents restricted fund balance for the National School Breakfast and Lunch Program of \$8.2 million and committed fund balances in campus activity funds of \$674,802 and TWC apprenticeship training program of \$15,715.

Proprietary Funds

An internal service fund has been utilized to record costs associated with the District's self-funded health insurance and partially self-funded workers' compensation and unemployment programs. The fund was established in order to charge the governmental funds for their share of these costs, provide additional detail for expenses, and allow for full accrual of actuarial estimates of future costs of incurred claims.

The District's self-funded group health plan was implemented on January 1, 2018. Revenues are generated through assessments to the other funds as well as employee contributions for employee premiums in excess of the District's contribution and dependent coverage.

Assessments to the other funds totaled \$11.7 million and employee contributions totaled \$3.8 million. Fees paid to the third-party administrators totaled \$1.0 million, stop-loss reinsurance cost \$20,652, and claims expense totaled \$15.4 million and included actuarially determined incurred but not reported claims of \$249,336 for workers' compensation, medical claims of \$7.5 million and prescription drug claims of \$6.9 million. The ending net position for the fund was \$2.0 million, an increase from the prior year of \$0.4 million and represents 11.1% of the fund's operating expenses for 2024-2025.

General Fund Budgetary Highlights

On August 22, 2024, the Board adopted the District's official budget that included annual operating budgets for the General, National School Breakfast and Lunch Program, and Debt Service funds. The Board approved budgets for the following funds that make up the District's official budget. Original appropriations in the official budget are as follows:

General Fund	\$ 162,572,669
National School Breakfast and Lunch Program Fund	12,325,453
Debt Service Fund	25,996,492

In addition to the functional appropriations, the District budgeted an operating transfer of \$535,000 out of the General Fund to cover the projected funding deficit for the operations of the Greater Waco Advanced Academies and the Regional Day School Program for the Deaf. Estimated revenues and other sources were short of covering budgeted appropriations and other uses in these funds by the following amounts: the General Fund, \$8.1 million and the National School Breakfast and Lunch Program, \$0.8 million.

Over the course of the year, the administration recommended, and the Board of Trustees approved, amendments to budgeted revenue and appropriations. Revisions to the revenue budget are necessary due to changes in estimates for local, state, and federal revenue based on updated information concerning student attendance, tax collections, and other factors. Revisions to appropriations are necessitated by changes in spending needs over the course of the year subsequent to the Board's approval of the original budget. The Board may also fund additional allocations from unassigned fund balance for special projects.

As a result of budget amendments approved by the Board during the year, the final appropriations in the official budget were as follows:

General Fund	\$ 173,967,458
National School Breakfast and Lunch Program Fund	15,414,476
Debt Service Fund	25,996,492

Overall, General Fund revenues exceeded budget by \$3.7 million primarily due to state program revenues exceeding budget by \$4.2 million due to higher-than-expected state aid revenues. Expenditures were \$11.9 million under budget and did not exceed appropriations for any function.

The Board of Trustees also adopts budgets for several funds for which the District acts as the fiscal agent. These include the following funds and budgeted appropriations:

McLennan County Challenge Academy	\$	981,060
Regional Day School for the Deaf		772,218
Greater Waco Advanced Academies:		
Advanced Health Care Academy		1,258,531
Advanced Manufacturing Academy		1,376,503

Capital Assets

The District's investment in capital assets for its governmental activities as of August 31, 2025, totaled \$516.8 million, net of accumulated depreciation/amortization of \$157.4 million. The \$75.9 million increase in construction in progress reflects the finalizing of construction projects, primarily Waco High School, Tennyson Middle School, Kendrick Elementary School and additions to South Waco Elementary School. Equipment and vehicle purchases totaled \$4.6 million and additions to right-to-use assets, equipment, totaled \$0.3 million. The investment in capital assets includes facilities, equipment, and vehicles utilized in governmental activities.

The following table shows the changes in capital assets by category of asset.

Waco Independent School District's Capital Assets (Net Depreciation/Amortization)

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 11,212,842	2	\$ 11,212,842	2	\$ -	-
Buildings and improvements	205,768,251	40	217,139,002	49	(11,370,751)	(5)
Furniture, equipment and vehicles	10,895,304	2	8,802,556	2	2,092,748	24
Right-to-use assets, equipment	1,069,077	-	1,103,650	-	(34,573)	(3)
Right-to-use assets, subscription assets	311,436	-	576,872	-	(265,436)	(46)
Construction in progress	287,580,519	56	211,693,835	47	75,886,684	36
Totals	<u>\$ 516,837,429</u>	<u>100</u>	<u>\$ 450,528,757</u>	<u>100</u>	<u>\$ 66,308,672</u>	

Additional information may be found in Note 7 to the financial statements.

Long-term Liabilities

At August 31, 2025, the District had total long-term liabilities totaling \$588.8 million. Of this amount, \$467.4 million comprises debt backed by the full faith of the State of Texas Permanent School Fund. During the 2024-2025 fiscal year, the District retired \$5.2 million in bonded debt through scheduled debt service payments. Bond payments due within one year total \$10.2 million.

The District's bonds are issued with an "AAA" rating as guaranteed through the Texas Permanent School Fund bond guarantee program. The District's current underlying rating is "AA-" from Standard and Poor's and "Aa2" from Moody's Investors Service.

Long-term obligations include \$60.2 million and \$37.5 million, respectively, for the District's proportionate share of the net pension and other postemployment benefits liabilities. The District's proportionate share of the net pension liability decreased \$7.6 million and its proportionate share of the net TRS-Care post-employment benefit liability increased \$9.6 million from the prior year.

The following is a summary of the District's long-term liabilities:

Waco Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 444,040,000	76	\$ 449,280,000	77	\$ (5,240,000)	(1)
Premiums	23,408,341	4	24,870,963	4	(1,462,622)	(6)
Accumulated accretion	-	-	4,550,176	1	(4,550,176)	(100)
Arbitrage liability	7,064,481	1	5,900,731	1	1,163,750	20
Leases payable	1,094,018	-	1,121,641	-	(27,623)	(2)
Subscriptions payable	198,630	-	389,745	-	(191,115)	(49)
Compensated absences	15,327,604	3	-	-	15,327,604	-
Net pension liability	60,174,180	10	67,801,449	12	(7,627,269)	(11)
Net OPEB liability	37,492,214	6	27,861,900	5	9,630,314	35
Totals	\$ 588,799,468	100	\$ 581,776,605	100	\$ 7,022,863	

Additional information about the District's long-term debt is presented in Notes 1, 8, 10 and 11 to the financial statements.

Economic Factors and Next Year's Budgets and Tax Rates

- Current enrollment totals 13,179 students, which is a decrease from 187 a year ago.
- District staff totals 2,159 employees, which includes 969 teachers and 360 teachers' aides and secretaries.
- The District maintains 23 campuses for instruction.
- The unemployment rate for the County on August 31, 2025 was 4.4%, an increase from 4.2% the prior year. This is higher than the state's unemployment rate of 4.1% as of August 31, 2025.
- Certified taxable property values of the District are projected to be \$8,786,598,844, a decrease of 4.9%.
- A maintenance and operations tax rate of \$0.7664 and a debt service tax rate of \$0.2602, a total rate of \$1.0266 was adopted for 2025-2026. Preceding year rates were \$0.7664, \$0.262187 and \$1.04894, respectively.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning this report or requests for additional information should be addressed to the Chief Financial Officer, Waco Independent School District, 501 Franklin Avenue, Waco, Texas 76701.

Basic Financial Statements

Waco Independent School District

Statement of Net Position

August 31, 2025

Exhibit A-1

Data Control Codes		1 Primary Government Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 127,963,979
1220	Property taxes receivables	4,294,031
1230	Allowance for uncollectable taxes	(1,786,137)
1240	Due from other governments	9,650,913
1250	Accrued interest	181,771
1290	Other receivables	1,235,321
1300	Inventories	306,407
1410	Prepaid items	1,107,516
	Capital assets, not being depreciated/amortized:	
1510	Land	11,212,842
1580	Construction in progress	287,580,519
	Capital assets, net of depreciation/amortization:	
1520	Buildings and improvements	205,768,251
1530	Furniture and equipment	10,895,304
1551	Right-to-use leased assets	1,069,077
1553	Right-to-use subscription assets	311,436
1000	Total assets	659,791,230
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	13,363,175
1706	Deferred outflows - OPEB	16,386,293
1710	Deferred charge on refunding	11,414,077
1700	Total deferred outflows of resources	41,163,545
LIABILITIES		
2110	Accounts payable	6,632,725
2120	Other current liabilities	11,352,946
2140	Interest payable	660,655
2150	Payroll deductions and withholdings	1,998,866
2160	Accrued wages payable	6,993,992
2180	Due to other governments	17,774
2300	Unearned revenue	893,907
	Noncurrent liabilities:	
2501	Due within one year	16,167,568
2502	Due in more than one year	474,965,506
2540	Net pension liability	60,174,180
2545	Net OPEB liability	37,492,214
2000	Total liabilities	617,350,333
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	1,268,872
2606	Deferred inflows - OPEB	36,092,489
2600	Total deferred inflows of resources	37,361,361
NET POSITION		
3200	Net investment in capital assets	89,126,986
3820	Restricted for grants	8,230,911
3850	Restricted for debt service	5,527,514
3900	Unrestricted	(56,642,330)
3000	TOTAL NET POSITION	\$ 46,243,081

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District
Statement of Activities
For the Fiscal Year Ended August 31, 2025

Exhibit B-1

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	\$ 107,652,339	\$ 2,720,041	\$ 13,126,307	\$ (91,805,991)
0012	Instructional resources and media services	2,404,641	75,557	162,529	(2,166,555)
0013	Curriculum and instructional staff development	7,999,538	174,747	5,141,560	(2,683,231)
0021	Instructional leadership	4,143,747	265,067	845,654	(3,033,026)
0023	School leadership	10,396,450	205,139	1,196,014	(8,995,297)
0031	Guidance, counseling, and evaluation services	8,447,799	176,057	1,755,942	(6,515,800)
0032	Social work services	590,327	-	240,154	(350,173)
0033	Health services	1,678,416	86	90,617	(1,587,713)
0034	Student transportation	4,148,502	-	65,587	(4,082,915)
0035	Food service	12,267,393	724,813	11,759,607	217,027
0036	Extracurricular activities	7,689,359	863,236	176,414	(6,649,709)
0041	General administration	6,032,865	-	2,083,954	(3,948,911)
0051	Plant maintenance and operations	20,896,932	357,017	539,776	(20,000,139)
0052	Security and monitoring services	5,954,153	3,495	1,385,844	(4,564,814)
0053	Data processing services	5,462,939	-	72,980	(5,389,959)
0061	Community services	1,259,865	1,085	421,481	(837,299)
0072	Interest on long-term debt	15,722,646	-	2,811,214	(12,911,432)
0073	Issuance costs and fees	5,350	-	-	(5,350)
0081	Facilities repair and maintenance	329,384	-	18,368	(311,016)
0093	Payments related to shared services arrangements	411,851	180,849	8,144	(222,858)
0095	Payments to juvenile justice alternative education programs	703,014	-	-	(703,014)
0097	Payments to tax increment fund	105,344	-	-	(105,344)
0099	Other intergovernmental charges	861,976	-	-	(861,976)
TG	Total governmental activities	225,164,830	5,747,189	41,902,146	(177,515,495)
TP	TOTAL PRIMARY GOVERNMENT	\$ 225,164,830	\$ 5,747,189	\$ 41,902,146	(177,515,495)
	General revenues:				
MT	Property taxes, levied for general purposes				65,308,865
DT	Property taxes, levied for debt service				24,094,379
GC	Grants and contributions not restricted to specific programs				80,624,322
IE	Investment earnings				7,359,415
MI	Miscellaneous				655,301
TR	Total general revenues				178,042,282
CN	Change in net position				526,787
NB	Net position - beginning, as previously reported				61,263,068
PA	Implementation of GASB 101, <i>Compensated Absences</i>				(15,546,774)
	Net position - beginning, as restated				45,716,294
NE	NET POSITION - ENDING				\$ 46,243,081

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District

Balance Sheet

Governmental Funds

August 31, 2025

		199	599
Data Control Codes		General Fund	Debt Service Fund
	ASSETS		
1110	Cash and cash equivalents	\$ 70,663,012	\$ 5,576,780
1220	Property taxes receivables	3,305,492	988,539
1230	Allowance for uncollectable taxes	(1,362,782)	(423,355)
1240	Due from other governments	3,919,063	46,205
1250	Accrued interest	179,422	-
1260	Due from other funds	4,050,747	-
1290	Other receivables	106,532	-
1300	Inventories	306,407	-
1410	Prepaid items	6,025	-
1000	Total assets	81,173,918	6,188,169
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 81,173,918</u>	<u>\$ 6,188,169</u>
	LIABILITIES		
2110	Accounts payable	\$ 1,784,599	\$ -
2120	Other current liabilities	-	-
2150	Payroll deductions and withholdings	1,998,866	-
2160	Accrued wages payable	6,256,780	-
2170	Due to other funds	2,809,966	-
2180	Due to other governments	-	-
2300	Unearned revenue	12,482	-
2000	Total liabilities	12,862,693	-
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - property taxes	1,942,710	565,184
	Total deferred inflows of resources	1,942,710	565,184
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	306,407	-
3430	Prepaid items	6,025	-
	Restricted:		
3450	Grants	-	-
3470	Capital acquisitions and contractual obligations	-	-
3480	Debt service	-	5,622,985
	Committed:		
3510	Construction and other major improvements	1,569,679	-
3530	Capital expenditures for equipment	250,000	-
3545	Other	369,220	-
3600	Unassigned	63,867,184	-
3000	Total fund balances	66,368,515	5,622,985
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 81,173,918</u>	<u>\$ 6,188,169</u>

The Notes to the Financial Statements are an integral part of this statement.

699		98	
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
\$ 43,119,466	\$ 8,604,721	\$ 127,963,979	
-	-	4,294,031	
-	-	(1,786,137)	
-	5,685,645	9,650,913	
-	2,349	181,771	
-	949,994	5,000,741	
221	223,402	330,155	
-	-	306,407	
-	-	6,025	
43,119,687	15,466,111	145,947,885	
<u>\$ 43,119,687</u>	<u>\$ 15,466,111</u>	<u>\$ 145,947,885</u>	
\$ 3,796,119	\$ 889,729	\$ 6,470,447	
9,690,022	588	9,690,610	
-	-	1,998,866	
4,419	732,793	6,993,992	
12,658	4,038,089	6,860,713	
-	17,774	17,774	
-	881,425	893,907	
13,503,218	6,560,398	32,926,309	
-	-	2,507,894	
-	-	2,507,894	
-	-	306,407	
-	-	6,025	
-	8,230,911	8,230,911	
29,616,469	-	29,616,469	
-	-	5,622,985	
-	-	1,569,679	
-	-	250,000	
-	674,802	1,044,022	
-	-	63,867,184	
29,616,469	8,905,713	110,513,682	
<u>\$ 43,119,687</u>	<u>\$ 15,466,111</u>	<u>\$ 145,947,885</u>	

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Waco Independent School District**Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)

\$ 110,513,682

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets, excluding those capital assets reported in the internal service funds, at year-end consists of:

Governmental capital assets costs	\$ 674,229,142	
Accumulated depreciation/amortization of governmental capital assets	<u>(157,391,713)</u>	516,837,429

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures are deferred in the funds.		2,507,894
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Long-term liabilities, including bonds payable, leases payable, subscriptions payable, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities and deferred outflows and inflows at year-end related to such items consist of:

Bonds payable, at original par	\$ (444,040,000)	
Premiums on bonds payable	(23,408,341)	
Deferred charge on refunding	11,414,077	
Accrued interest on bonds	(660,655)	
Arbitrage liability	(7,064,481)	
Compensated absences	(15,327,604)	
Lease payable	(1,094,018)	
Subscriptions payable	(198,630)	
Net pension liability	(60,174,180)	
Net OPEB liability	<u>(37,492,214)</u>	(578,046,046)

An internal service fund is used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		2,042,015
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Deferred outflows of resources for pension represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		13,363,175
--	--	------------

Deferred inflows of resources for pension represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(1,268,872)
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Deferred outflows of resources for OPEB represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		16,386,293
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Deferred inflows of resources for OPEB represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(36,092,489)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)\$ 46,243,081

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2025

		199	599
Data Control Codes			
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 70,821,497	\$ 24,817,225
5800	State program revenues	87,003,928	2,811,214
5900	Federal program revenues	5,170,246	-
5020	Total revenues	162,995,671	27,628,439
EXPENDITURES			
Current:			
0011	Instruction	87,049,339	-
0012	Instructional resources and media services	1,464,688	-
0013	Curriculum and instructional staff development	3,044,117	-
0021	Instructional leadership	3,182,643	-
0023	School leadership	9,214,296	-
0031	Guidance, counseling, and evaluation services	7,066,084	-
0032	Social work services	389,567	-
0033	Health services	1,639,231	-
0034	Student transportation	4,661,066	-
0035	Food service	21,157	-
0036	Extracurricular activities	5,675,962	-
0041	General administration	6,042,479	-
0051	Plant maintenance and operations	20,433,853	-
0052	Security and monitoring services	4,198,525	-
0053	Data processing services	4,544,909	-
0061	Community services	863,890	-
Debt service:			
0071	Principal on long-term debt	540,783	5,240,000
0072	Interest on long-term debt	32,431	20,691,492
0073	Issuance costs and fees	-	5,350
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0093	Payments related to shared services arrangements	307,599	-
0095	Payments to juvenile justice alternative education programs	703,014	-
0097	Payments to tax increment fund	72,653	32,691
0099	Other intergovernmental charges	861,976	-
6030	Total expenditures	162,010,262	25,969,533
1100	Excess (deficiency) of revenues over (under) expenditures	985,409	1,658,906
OTHER FINANCING SOURCES (USES)			
7912	Sale of real and personal property	45,917	-
7913	Issuance of right-to-use leases and subscriptions	351,029	-
7915	Transfers in	-	-
8911	Transfers out	(162,111)	-
7080	Total other financing sources (uses)	234,835	-
1200	Net change in fund balances	1,220,244	1,658,906
0100	Fund balances - beginning	65,148,271	3,964,079
3000	FUND BALANCES - ENDING	\$ 66,368,515	\$ 5,622,985

The Notes to the Financial Statements are an integral part of this statement.

699		98	
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
\$ 3,714,890	\$ 5,562,638	\$ 104,916,250	
-	2,054,374	91,869,516	
-	31,031,561	36,201,807	
3,714,890	38,648,573	232,987,573	
5,433,722	13,522,613	106,005,674	
370,987	221,479	2,057,154	
-	5,229,042	8,273,159	
-	1,079,918	4,262,561	
421,292	1,276,527	10,912,115	
-	1,822,353	8,888,437	
-	231,664	621,231	
12,160	64,704	1,716,095	
-	17,638	4,678,704	
349,489	11,766,679	12,137,325	
753,712	472,490	6,902,164	
-	123,072	6,165,551	
188,373	623,430	21,245,656	
294,955	1,354,165	5,847,645	
1,270,724	54,546	5,870,179	
-	408,600	1,272,490	
-	-	5,780,783	
-	-	20,723,923	
-	-	5,350	
76,214,761	14,273	76,229,034	
-	104,252	411,851	
-	-	703,014	
-	-	105,344	
-	-	861,976	
85,310,175	38,387,445	311,677,415	
(81,595,285)	261,128	(78,689,842)	
-	70,866	116,783	
-	-	351,029	
-	162,111	162,111	
-	-	(162,111)	
-	232,977	467,812	
(81,595,285)	494,105	(78,222,030)	
111,211,754	8,411,608	188,735,712	
\$ 29,616,469	\$ 8,905,713	\$ 110,513,682	

Waco Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2025

Exhibit C-3

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ (78,222,030)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation/amortization expense.

Capital assets increased	\$ 80,835,396	
Depreciation/amortization expense	(10,208,101)	70,627,295

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a decrease to net position.	(4,318,623)
--	-------------

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.	(251,663)
--	-----------

Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	9,825,000
--	-----------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:

Accrued interest on bonds payable (increased) decreased	\$ 10,448	
Interest accreted on the capital appreciation bonds	(34,824)	
Amortization of bond premium	1,462,622	
Arbitrage liability	(1,163,750)	
Amortization of deferred charge on refunding	(1,021,969)	(747,473)

The change in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	219,170
--	---------

Issuance of leases payable and subscriptions payable provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.	(351,029)
--	-----------

Repayment of lease payable and subscriptions payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	569,767
---	---------

An internal service fund is used by the District to charge the costs of various services to the individual funds. The net activity of the following internal service fund is reported in the government-wide statements.	401,765
--	---------

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (12,767,414)	
Deferred inflows (increased) decreased	1,773,235	
Net pension liability (increased) decreased	7,627,269	(3,366,910)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 6,282,502	
Deferred inflows (increased) decreased	9,489,330	
Net OPEB liability (increased) decreased	(9,630,314)	6,141,518

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 526,787

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District

Statement of Net Position

Proprietary Fund

August 31, 2025

Exhibit D-1

	753 Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Due from other funds	\$ 1,859,972
Other receivables	905,166
Prepaid items	1,101,491
	<hr/>
Total current assets	3,866,629
	<hr/>
Total assets	3,866,629
LIABILITIES	
Current liabilities:	
Accounts payable	162,278
Claims payable	1,662,336
	<hr/>
Total current liabilities	1,824,614
	<hr/>
Total liabilities	1,824,614
NET POSITION	
Unrestricted	2,042,015
	<hr/>
TOTAL NET POSITION	<u><u>\$ 2,042,015</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Fiscal Year Ended August 31, 2025

Exhibit D-2

	753 Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Employee contributions	\$ 3,762,906
Insurance recoveries	6,846
Rebates on prescription drugs	3,309,116
Assessments to other funds	11,722,044
	<hr/>
Total operating revenues	18,800,912
OPERATING EXPENSES	
Contracted administrative services	1,001,312
Reinsurance	20,652
Fees	1,928,703
Claims expense	15,448,480
	<hr/>
Total operating expenses	18,399,147
	<hr/>
Change in net position	401,765
Net position - beginning	1,640,250
	<hr/>
NET POSITION - ENDING	\$ 2,042,015
	<hr/>

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended August 31, 2025

Exhibit D-3

	753
	Governmental
	Activities
	Internal
	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employee contributions	\$ 3,762,906
Cash received from insurance recoveries	6,846
Cash received from rebates on prescription drugs	3,309,116
Cash received from assessments to other funds	11,320,279
Cash payments for contracted administration services	(1,001,312)
Cash payments for reinsurance	(20,652)
Cash payments for claims	(1,928,703)
Cash payments for fees	(15,448,480)
Net cash provided by (used for) operating activities	-
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning	-
CASH AND CASH EQUIVALENTS - ENDING	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET	
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 401,765
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in assets:	
Due from other funds	(291,511)
Other receivables	(107,676)
Prepaid items	(607,063)
Increase (decrease) in liabilities:	
Accounts payable	(112,422)
Claims payable	716,907
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District

Statement of Fiduciary Net Position

Fiduciary Fund

August 31, 2025

Exhibit E-1

	Custodial Fund
ASSETS	
Investments	\$ 16,389
Accrued interest	920
Other receivables	<u>83,821</u>
TOTAL ASSETS	101,130
TOTAL LIABILITIES	-
NET POSITION	
Restricted for:	
Student activity	<u>101,130</u>
TOTAL NET POSITION	<u><u>\$ 101,130</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Waco Independent School District**Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2025

	Custodial Fund
ADDITIONS	
Earnings from investments	\$ 581
Miscellaneous receipts from student activities	91,064
	<hr/>
Total additions	91,645
DEDUCTIONS	
Payroll costs	868
Contracted services	24,700
Supplies and materials	13,186
Other miscellaneous operating expenses	36,533
	<hr/>
Total deductions	75,287
	<hr/>
Change in net position	16,358
Net position - beginning	84,772
	<hr/>
NET POSITION - ENDING	<u><u>\$ 101,130</u></u>

The Notes to the Financial Statements are an integral part of this statement.

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Waco Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The basic financial statements of the Waco Independent School District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56, and it complies with the requirements of the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District is an independent school district 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 Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has primary responsibility for fiscal matters.

Prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in GAAP, the District has determined that no other organizations require inclusion within the reporting entity.

B. Government-wide Financial Statements

The government-wide financial statements report the information on all of the non-fiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. There are no business-type activities reported for the District.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. 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.

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed. Transactions among governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and as on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. Interfund services provided and used are not eliminated in the consolidation of funds for the Statement of Activities. All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as receivables and payables on the government-wide Statement of Net Position.

Waco Independent School District

Notes to the Financial Statements

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported as transfers in/transfers 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include amounts paid by organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, not properly included among program revenues, are reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a specific function. Depreciation and amortization expense is specifically identified by function and is included in the direct expense to each function.

C. Fund Financial Statements

The District's accounts are organized into funds, each of which is considered to be a separate accounting unit. The operations of each fund are accounted for through a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures or expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds or funds of special interest are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General fund – The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

Debt service fund – The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue is local property taxes specifically for debt service.

Capital Projects Fund – The capital projects fund is used to account for proceeds from the sales of bonds and other financial resources that are restricted or committed for capital outlays, including acquiring, constructing, renovating and equipping of District facilities.

The District reports the following nonmajor governmental funds:

Special revenue funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. Funds include campus activity funds and all federal, state, and locally funded grants.

Waco Independent School District

Notes to the Financial Statements

The District reports the following proprietary fund type:

Internal service fund - Revenues and expenses related to services provided to segments of the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund accounts for health insurance, workers' compensation and unemployment claims coverage provided to other departments of the District as well as claims administration.

The District reports the following fiduciary fund type:

Custodial fund - The District accounts for resources held for others in a custodial capacity in a custodial fund. These funds are used to account for assets held by the District as a custodian for student and other organizations. Custodial funds report fiduciary activities that are not held in a trust.

The fund financial statements provide information about the District's funds, including its fiduciary fund. The fund financial statements report on the financial condition and results of operations for each fund category – governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental funds. Each major individual governmental fund is reported as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are assessments to other funds for health insurance, workers' compensation and unemployment coverage. Operating expenses for the internal service fund includes cost of claims and administration. Because internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid inflating the revenues and expenses of the District as a whole.

Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements.

D. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. 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 have been met.

Governmental fund financial statements use the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days of the end of the current fiscal period.

Waco Independent School District

Notes to the Financial Statements

Grant revenues and contributions are recorded as revenues when the qualifying expenditures have been incurred and eligibility requirements are met. Grant funds received in advance are recorded as unearned revenue until earned. Contributions received with purpose restrictions are recorded as revenue and the related fund balance is restricted until restrictions are satisfied. 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. Amounts reported as program revenues include operating grants and contributions, food service user charges, rental charges, and tuition. The District also recognized revenues for the state's share of the contributions to the Teacher Retirement System of Texas.

Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes and state revenues identified as available school fund and formula. The TEA, through its application of state law, allocates state revenues to school districts by formula allocation. The District receives a per capita allocation from the Available School Fund and a foundation school program allocation. Other state revenues are received through miscellaneous programs on an allocated basis. Property taxes, charges for services, and other miscellaneous revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized in the accounting period in which the liability is incurred. However, debt service expenditures are recorded only when matured and payment is due. Expenditures related to compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable, available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under leases and subscriptions are reported as other financing sources. Grant and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The proprietary and custodial funds are reported using the *economic resources* measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund's Statement of Net Position.

E. Implementation of New Accounting Standards

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the District's fiscal year 2025 financial statements with a restatement reducing net position by \$15,546,774 as of September 1, 2024 to reflect the changes adopted to conform to the new standard.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the District's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

Waco Independent School District

Notes to the Financial Statements

F. Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves 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. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

G. Use of Estimates

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

H. Data Control Codes

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

I. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents, and Investments

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

Investments can consist of non-negotiable certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, commercial paper, investments in government sponsored enterprises, repurchase agreements, and obligations of Texas and other states, and their political subdivisions. Investments for the District, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value, i.e., fair value. Fair value is determined by the amount by which a financial instrument could be exchanged in a current transaction between willing parties. Non-negotiable certificates of deposit are reported at cost. The District accrues interest on temporary investments based on the terms and effective interest rates of the investment.

Waco Independent School District

Notes to the Financial Statements

2. Property Taxes

Property taxes are levied by October 1 on the assessed value 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 delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected.

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 according to the Texas Property Tax Code.

3. Interfund Receivables and Payables

Advances between funds, as reported in the fund financial statements, are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental activities for the government-wide financial statements.

4. Inventories and Prepaid Items

The District generally reports inventories of supplies using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased, except for food supplies in the National School Breakfast and Lunch fund, which is reported as an expenditure when purchased. Inventories of food commodities are recorded at fair values by the food service management company. The value of all donated foods received for use in the meal service program are credited to the District through the monthly contract billings and reported as a revenue and expenditure when received. Although commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment, and vehicles, infrastructure assets (e.g. sidewalks, curbs, and similar items), right-to-use assets, equipment and right-to-use assets, subscription assets are reported in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building costs and is being depreciated over the same useful life as the building. Capital assets, except for buildings and improvements and infrastructure assets, are generally defined by the District as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Buildings and improvements are capitalized when the cost of such improvements is \$100,000 or more. Likewise, infrastructure assets costing less than \$500,000 are not capitalized.

Capital assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The costs of normal maintenance and repairs that do not materially add to the value of the asset or extend the lives of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at acquisition value.

Waco Independent School District

Notes to the Financial Statements

Buildings and improvements, furniture, equipment, and vehicles of the District are depreciated using the straight-line method. Right-to-use assets, equipment and right-to-use assets, subscription assets are amortized on a straight-line basis over the shorter of the lease/subscription term or useful life. The following chart lays out the estimated useful lives of each asset classification:

Capital Asset Classes	Lives
Buildings	50
Buildings and improvements	6 - 50
Infrastructure	10 - 35
Furniture and equipment	4 - 25
Vehicles	8 - 10
Right-to-use assets, equipment	Shorter of lease term or useful life
Right-to-use assets, subscription assets	Shorter of subscription term or useful life

Land and construction in progress are not depreciated/amortized.

6. Leases

The District is a lessee for noncancelable leases of equipment. The District recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, the purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

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

Waco Independent School District

Notes to the Financial Statements

7. Subscription-Based Information Technology Arrangements (SBITAs)

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

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

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

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed-in-substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. 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. Accretion of interest on capital appreciation bonds is recorded at the accreted value through the end of the fiscal year.

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

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Waco Independent School District

Notes to the Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent year.
- Deferred charge on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amounts become available.

10. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – state personal leave, local leave, and compensated time. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

State Personal Leave

The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts.

Local Leave

The District's policy provides eligible employees with five to ten days of local personal leave per year (local leave) with limits on accumulation.

Compensated Time

The District's policy provides eligible employees with compensatory time off, rather than overtime pay, for overtime worked, with limits on accumulation.

The District does not have a monetary obligation for accumulated leave benefits upon separation from service. However, a liability for the estimated value of leave benefits that will be used by employees as time off is included in the liability for compensated absences.

11. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 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 Pension Plan 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.

Waco Independent School District

Notes to the Financial Statements

12. Other Postemployment Benefits (OPEB) Liability

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 postemployment 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.

13. Government-wide Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net investment in capital assets – The component of net position that reports capital assets less both the accumulated depreciation/amortization and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

Restricted for federal and state programs – The component of net position that reports the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources of the federal and state special revenue programs that consists of assets with constraints placed on their use by U.S. Agencies and the Texas Education Agency.

Restricted for debt service – The component of net position that reports the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources with constraints placed on their use by law.

Unrestricted – the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

14. Net Position Flow Assumption

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Waco Independent School District

Notes to the Financial Statements

15. Governmental Fund Balance Classifications and Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that is not expendable or is legally earmarked for a specific use. Nonspendable fund balance reserves may include items such as inventory or prepaid expenses.

Restricted fund balance – The portion of fund balance that reflects resources that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. Restricted fund balances include funds for school breakfast and lunch programs, funds restricted for capital asset acquisition, funds used to retire long-term debt, or resources from granting agencies.

Committed fund balance – The portion of fund balance that represents amounts that can only be used for a specific purpose because of a formal action taken by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board takes the same level of action to remove or change the constraint. The commitment of fund balance must be made prior to fiscal year-end.

Assigned fund balance – The portion of fund balance that represents amounts which the District intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed. The Board has authorized the administration to assign a portion of the fund balance, not to exceed one percent of the annual operating expenditures, as may be required to meet the financial needs of the District. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. Assignments can be made at anytime.

Unassigned fund balance – The portion of the spendable fund balance that is not constrained and may be spent for any legal purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

District policy requires that the general operating fund has a sufficient fund balance to maintain fiscal independence in case of a financial need. The District should maintain an unassigned fund balance of at least 20 percent of the total annual operating expenditures of the general fund. By resolution, the Board may commit a portion of the fund balance for a specific purpose. The committed portion of the fund balance must be spent for the specified purpose and may be amended at any time with Board approval. The amount of any budget deficit approved by the Board shall be categorized as an assignment of fund balance.

Encumbrances outstanding at year-end are not reported separately within the fund balance classifications but are reflected in the restricted, committed, or assigned fund balance classifications based on the source of constraints placed upon the resources encumbered. Encumbrances for specific purposes for which amounts have not already been restricted, committed, or assigned are reported as assigned fund balance. Encumbrances are documented by purchase orders and contracts.

Waco Independent School District

Notes to the Financial Statements

In general, it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used after other resources have been used.

J. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

2. Property Taxes

Property values are determined by the County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

By August 20, the District prepares a proposed budget for the succeeding fiscal year beginning September 1. The proposed budget includes expenditures and the means of financing them. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given. Prior to September 1, the budget is legally adopted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, object, organization, and program intent code as required under the TEA's FASRG. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level. 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, amendments were necessary during the year. Additionally, the Board approved supplemental budgetary appropriations throughout the year. These revisions are further detailed in the notes to the required supplementary information.

Waco Independent School District

Notes to the Financial Statements

As legally adopted, the District's official budget includes budgets for the general fund, the National School Breakfast and Lunch program, and the debt service fund. Annual budgets are also adopted for the Regional Day School for the Deaf, the McLennan County Challenge Academy, and the Greater Waco Advanced Academies, for which the District acts as fiscal agent.

Although special revenue funds, other than the National School Breakfast and Lunch program and funds previously listed, do not have formally appropriated annual budgets, since other means control the use of these resources (e.g., grant awards and endowment requirements) and may span a period of more than one fiscal year, budgets are prepared for these funds, as well as for capital projects funds and the internal services fund, as a management tool to ensure that resources are obtained and used in accordance with other finance- related legal or contractual requirements. Budgets for capital projects fund(s) are appropriated on a project basis. Specific projects are individually authorized by the Board, in compliance with applicable bond covenants, for construction funded from proceeds of long-term debt financing.

B. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to year-end, every effort is made to liquidate outstanding encumbrances. Encumbrances for open purchase orders or contracts outstanding at the end of the fiscal year are usually honored by the District. If the District allows encumbrances to lapse, even though it will honor the encumbrance, the appropriations authority expires. Funds for significant encumbrances are reappropriated in the following year's budget. Encumbrances outstanding at year-end are reported in restricted or committed, or assigned fund balances, as appropriate.

At August 31, 2025 certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:	
	Restricted	Committed
	Fund Balance	Fund Balance
General fund	\$ -	\$ 136,607
Nonmajor governmental funds	325,303	-
Capital projects fund	10,345,869	-
Total encumbrances	\$ 10,671,172	\$ 136,607

Waco Independent School District

Notes to the Financial Statements

Note 3. Cash and Investments

Deposit and investment transactions of the District are regulated by state statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8, The School Depository Act, of the Texas Education Code and other code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47, Articles 2529c and 2548a, regarding security for District funds in Depository Institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank providing for interest rates to be earned on deposited funds and for banking charges incurred as a result of banking services received. Depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. Depository contracts are awarded on the basis of competitive bids received from area banks.

The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are in compliance with the Texas Government Code, Chapter 2257, "Collateral for Public Funds", and are sufficient to meet the terms agreed to in the current depository contract. The District's depository agreement with the bank requires an irrevocable standby letter of credit issued in favor of the District by the Federal Home Loan Bank of Dallas.

At August 31, 2025, the bank's combined balances totaled \$17,042,896. District funds are insured by full Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 for combined demand accounts and \$250,000 for the combined amount of all time and savings accounts with the remaining amount secured by the letter of credit issued in the amount of \$45,500,000 and pledged securities of \$500,000.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The Texas Education Code (TEC) and the Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code and the District's investment policies, regulate deposits and investment transactions of the District.

The TEC authorizes the District to place the proceeds from debt issues in properly secured or collateralized interest-bearing time deposits with any Texas state or national bank having federal depository insurance coverage for depositors or directly in bonds or other obligations of the United States or U.S. Agency securities. TEC requirements prohibit the District from investing debt issue proceeds in interest-bearing time deposits that have any risk of original invested principal loss.

Waco Independent School District

Notes to the Financial Statements

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers' acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; (10) and common trust funds.

The PFIA requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports, and establishment of appropriate policies, the District materially adhered to the requirements of the PFIA.

For fiscal year 2025, the District invested in certificates of deposits (direct purchase bank issue and brokered) and other FDIC insured deposits, commercial paper, public funds investment pools, and money market funds.

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, certain District investments have been recorded at fair value based upon quoted market prices as of August 31, 2025 with the increase or decrease in fair value being recorded as a component of earnings on investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

Waco Independent School District

Notes to the Financial Statements

As of August 31, 2025, the District's governmental activities cash and cash equivalents and investments with respective maturities and credit rating are as follows:

	August 31, 2025	Percent of Total Investments	Weighted Average Maturity (Days)	Rating
Governmental Funds:				
Cash and cash equivalents:				
Cash on hand	\$ 14,755	0%	-	Not rated**
Cash in depository	13,158,750	10%	-	Not rated**
Insured Cash Shelter, First National Bank of McGregor	11,460,608	9%	-	Not rated**
Insured Cash Shelter, Landing Rock	9,323,390	7%	-	Not rated**
Investments measured at amortized cost, not subject to level reporting:				
Investment pools:				
Lone Star - government overnight fund	7,054,918	6%	26	AAAm*
Lonestar - Corporate Overnight Fund	3,052,968	2%	44	AAAm*
TexPool	24,201,142	19%	42	AAAm*
TexasDAILY	13,712,247	11%	51	AAAmmf*
TexasDAILY Select	22,604,212	18%	50	AAAmmf*
Texas TERM cd purchase program	5,595,000	4%	267	Not rated**
Investments measured at Net Asset Value (NAV), not subject to level reporting:				
Investment pools:				
Lone Star - corporate overnight plus fund	1,173,393	1%	52	AAAf/S1+*
TexasCLASS	11,652,596	9%	44	AAAm*
TexasTERM fixed rate, fixed term	4,960,000	4%	55	AAAf*
Total cash and cash equivalents	127,963,979	100%		
Total value	\$ 127,963,979	100%		
Portfolio weighted average maturity			43	
	August 31, 2025	Percent of Total Investments	Weighted Average Maturity (Days)	Rating
Custodial Funds:				
Investments:				
Certificates of deposit	\$ 16,389	100%	120	Not rated**
Total value	\$ 16,389	100%		
Portfolio weighted average maturity			120	

* Standard & Poor's Rating

** FDIC insured

Investment pools are measured at amortized cost or fair value and are exempt from level reporting. Certificates of deposit are measured at cost.

Waco Independent School District

Notes to the Financial Statements

The District purchases certificates of deposit (CD) through direct purchase, issued by depository institutions that have its main office or a branch office in Texas that is guaranteed or insured by the FDIC. The District also purchases CDs through a broker that has its main office or a branch office in this state and selected from a list adopted by the Board of Trustees as required by Government Code 2256.025. These purchase programs include the *Certificate of Deposit Account Registry Services (CDARS)* program and the *Texas TERM CD Purchase Program*. CDs are purchased in principal amounts that, when aggregated with interest to accrue over the term of the CD, will not exceed \$250,000, therefore ensuring that each CD will be insured by the FDIC. The *Texas TERM CD Purchase Program* offers participants competitive rates of return on FDIC-insured investments. The CDs in which a participant invests are direct investments of the participant, are not assets of the Texas TERM Local Government Investment Pool and are not held in any portfolio of the Pool.

The District holds a number of CDs issued by local depository institutions in its fiduciary capacity over custodial funds. In purchasing the CDs, the District obtains rate quotes from local depository institutions. All deposits are fully covered through FDIC insurance.

Through the *Landing Rock* and *The First National Bank of McGregor*, the District maintains interest-bearing on-demand deposits. These programs invest funds at financial institutions throughout the U.S. The District has entered into agreements with Landing Rock and The First National Bank of McGregor to act in an agent capacity for the programs. Funds in these programs are FDIC insured upon deposit at participating program institutions. Cash deposits are distributed among well capitalized banks in increments of less than \$250,000, the current FDIC insurance limit. Liquidity is at par plus interest, without early withdrawal penalties or fees.

The certificates of deposit and money market funds are deposited in such a manner that maintains full insurance of the funds by the FDIC. Consequently, these amounts are excluded from the fair value hierarchy as they are considered deposits with financial institutions.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The Texas Range Investment Program "the Pool" was organized as the TexasTERM Local Government Investment Pool in conformity with the State of Texas Interlocal Cooperation Act and is administered by PFM Asset Management, LLC. U.S. Bank serves as the Pool's custodial bank. The Pool operates three separate investment Portfolios, Texas DAILY, Texas DAILY Select and Texas TERM.

The Lone Star Government Overnight, TexPool and TexasDAILY investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less. Investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions.

Waco Independent School District

Notes to the Financial Statements

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

The Lone Star Corporate Overnight Plus and Texas CLASS investment pools are external investment pools measured at fair value, i.e., their net asset value. Such investment pool's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Such investment pools have a redemption notice period of one day and may redeem daily.

These investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

The TexasTERM is a fixed-rate, fixed-term portfolio that enables investors to lock in a fixed rate for a term of 60 days to 365 days. The portfolio is measured at fair value, i.e., net asset value and seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share. Significant fees may be charged for redemptions prior to the agreed-upon redemption date.

Interest Rate Risk

In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio and offsets during a twelve-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District manages its exposure to declines in fair values by limiting the maturity of its investment portfolio. The term of any collateralized mortgage obligation is limited to ten years, repurchase agreements may not exceed 90 days, bankers' acceptances and commercial paper must have a stated maturity of 270 days or less, no-load money market mutual funds must have a dollar-weighted average stated maturity of 90 days or less, and no-load mutual funds must have an average weighted maturity of less than two years.

Custodial Credit Risk for Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits not covered by FDIC insurance but held in the depository bank, Extraco, were fully collateralized.

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over for safekeeping with the District's designated agent.

Waco Independent School District

Notes to the Financial Statements

Credit Risk

It is the District's policy to limit its investment in a manner that ensures the preservation of capital in the overall portfolio. Specifically, repurchase agreements must be secured by obligations of the United States or its agencies, commercial paper must be rated not less than 'A-1' or 'P-1', no-load mutual funds must be rated not less than 'AAA' or its equivalent, and public funds investment pools must be continuously rated no lower than 'AAA' or 'AAAm' or at an equivalent rating. The District's investments in local government investment pools (LGIPs) include: Lone Star, Texas Class, Texas DAILY, Texas TERM, and TexPool. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. The credit risk for each investment is noted in the preceding table.

Note 4. Local Revenues and Property Taxes

Local and intermediate sources revenues are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 64,852,772	\$ 23,897,564	\$ -	\$ -	\$ 88,750,336
Other tax related income	675,026	229,545	-	-	904,571
SSA revenue from member districts	89,851	-	-	1,632,772	1,722,623
Tuition and fees	179,246	-	-	1,852,200	2,031,446
Investment income	3,759,675	690,116	3,714,567	358,807	8,523,165
Rental income	184,020	-	-	-	184,020
Gifts and bequests	14,896	-	-	438,415	453,311
Insurance recoveries	6,093	-	-	700	6,793
Food sales	-	-	-	653,625	653,625
Extracurricular activities	529,332	-	-	68,733	598,065
Other charges for services	129,019	-	-	556,570	685,589
Other intermediate source revenue	401,567	-	323	816	402,706
Total	\$ 70,821,497	\$ 24,817,225	\$ 3,714,890	\$ 5,562,638	\$ 104,916,250

Property Taxes

Appraisal of property within the District is the responsibility of the McLennan County Appraisal District. The District's ad valorem property tax is levied on October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due and payable on receipt of the tax bill. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest imposed. The assessed value of the roll on January 1, 2024 was \$13,576,984,711. After deductions of all exemptions and reductions provided by law, the 2024 tax levy was based on a net taxable value of \$8,721,319,809.

The tax rates assessed for the year ended August 31, 2025, to finance general fund operations and the payment of principal and interest on long-term debt were \$0.76640 and \$0.28254 per \$100 valuation, respectively, for a total rate of \$1.04894 per \$100 valuation. Property tax revenues are considered available when collected. Current tax collections for the fiscal year ended August 31, 2025, were 98.17% of the adjusted tax levy.

Waco Independent School District

Notes to the Financial Statements

All taxes become delinquent on February 1 of the subsequent year. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based upon historical experience in collecting property taxes. The District has provided an allowance for estimated uncollectible property taxes and estimated adjustments within the general and debt service funds of \$1,362,782 and \$423,355 respectively.

The Texas Property Tax Code directs tax collectors to cancel and remove from the tax rolls real property taxes that have been delinquent more than 20 years and personal property taxes that have been delinquent more than 10 years. Additionally, the Texas Property Tax Code provides that personal property may not be seized and a suit may not be filed to collect a tax on personal property that has been delinquent more than four years. Approximately 66% of the remaining levy is not expected to be collected in the subsequent year.

Note 5. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities in the current period or in connection with resources that have been received, but not yet earned.

A summary of unearned revenue by fund follows:

	Unearned Revenue
General fund	
Event fees and tuition received before earned	\$ 12,482
Other governmental funds	
Payments to fiscal agent received in excess of expenditures	470,401
Grant funds received prior to meeting eligibility requirements	411,024
Total	<u>\$ 893,907</u>

Note 6. Interfund Balances and Transfers

Interfund balances result from the time lag between the dates that reimbursable expenditures occur and payments between funds are made. The interfund receivable and payable between the general fund and nonmajor governmental funds occurs when expenditures take place before the reimbursement is received from the granting agency. The interfund balances between the general fund and the capital projects, debt service, and internal services funds occur due to payments made from the general fund operating account on behalf of these funds. The interfund balances between the internal services fund and the general and nonmajor governmental funds occurs due to the recording of health insurance, workers' compensation and unemployment liabilities recorded but not yet funded.

Waco Independent School District

Notes to the Financial Statements

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

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 4,050,747	\$ 2,809,966
Capital Projects fund	-	12,658
Nonmajor governmental funds	949,994	4,038,089
Internal Service fund	1,859,972	-
Totals	\$ 6,860,713	\$ 6,860,713

Operating transfers take place without an equivalent flow of assets back to the transferring fund with no expectation of repayment. In the year ended August 31, 2025, operating transfers were made between the following funds:

Transfer Out	Transfers In	Amount
General Fund	Nonmajor Fund	\$ 162,111

During the fiscal year ended August 31, 2025 the District made a single one-time transfer of \$162,111 from the General Fund to a non-major special revenue fund to cover the operating deficits for the Greater Waco Advanced Manufacturing Academies Fund and Regional Day School for the Deaf Local Funds.

Note 7. Capital Assets

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

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,212,842	\$ -	\$ -	\$ 11,212,842
Construction in progress	211,693,835	75,886,684	-	287,580,519
Total capital assets, not being depreciated/amortized	222,906,677	75,886,684	-	298,793,361
Capital assets, being depreciated/amortized:				
Buildings and improvements	355,570,063	-	(29,293,055)	326,277,008
Furniture, equipment and vehicles	42,070,125	4,597,683	(236,291)	46,431,517
Right-to-use assets, equipment	1,614,731	286,257	(95,785)	1,805,203
Right-to-use assets, subscription assets	1,123,943	64,772	(266,662)	922,053
Total capital assets, being depreciated/amortized	400,378,862	4,948,712	(29,891,793)	375,435,781
Less accumulated depreciation/amortization for:				
Buildings and improvements	(138,431,061)	(7,084,639)	25,006,943	(120,508,757)
Furniture, equipment and vehicles	(33,267,569)	(2,502,260)	233,616	(35,536,213)
Right-to-use assets, equipment	(511,081)	(320,830)	95,785	(736,126)
Right-to-use assets, subscription assets	(547,071)	(300,372)	236,826	(610,617)
Total accumulated depreciation/amortization	(172,756,782)	(10,208,101)	25,573,170	(157,391,713)
Total capital assets, being depreciated/amortized, net	227,622,080	(5,259,389)	(4,318,623)	218,044,068
Governmental activities capital assets, net	\$ 450,528,757	\$ 70,627,295	\$ (4,318,623)	\$ 516,837,429

Waco Independent School District

Notes to the Financial Statements

Depreciation/amortization expense of the governmental activities for the year ended August 31, 2025 was charged to the functions as follows:

Governmental activities:		
11	Instruction	\$ 5,512,987
12	Instructional resources and media services	310,363
13	Curriculum and instructional staff development	13,376
21	Instructional leadership	105,276
23	School leadership	115,296
31	Guidance, counseling, and evaluation services	50,806
33	Health services	50,024
34	Student transportation	545,496
35	Food services	1,144,269
36	Extracurricular activities	901,208
41	General administration	122,146
51	Plant maintenance and operations	579,714
52	Security and monitoring services	345,872
53	Data processing services	381,090
61	Community services	30,178
Total depreciation/amortization expense		\$ 10,208,101

The District has active construction projects as of August 31, 2025. The projects include the construction and equipment of school facilities. At year-end, the District's active commitments with contractors are as follows:

Project	Remaining Commitment
Waco High Rebuild Project	\$ 7,232,454
Tennyson Middle School Rebuild	170,319
G. W. Carver Replacement	90,050
Kendrick Elementary School Rebuild	1,583,857
South Waco Elementary School Addition	1,269,189
Total	\$ 10,345,869

Note 8. Long-term Liabilities

The District's long-term liabilities consist of bonded indebtedness, leases payable, subscriptions payable, compensated absences, arbitrage liability, net pension liability and net other postemployment benefits liability. The current requirements for general obligation bonds principal and interest are accounted for in the debt service fund. The current requirements for leases, subscriptions and revenue bonds are accounted for in the general fund. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the general and special revenue funds. The current requirements for the arbitrage liability will be accounted for in the capital projects fund.

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Waco Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

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

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	\$ 449,280,000	\$ -	\$ (5,240,000)	\$ 444,040,000	\$ 10,250,000
Premiums	24,870,963	-	(1,462,622)	23,408,341	-
Accumulated accretion	4,550,176	34,824	(4,585,000)	-	-
Total bonds payable, net	478,701,139	34,824	(11,287,622)	467,448,341	10,250,000
Leases payable	1,121,641	286,257	(313,880)	1,094,018	328,962
Subscriptions payable	389,745	64,772	(255,887)	198,630	116,855
Arbitrage liability	5,900,731	1,163,750	-	7,064,481	-
Compensated absences*	15,546,774	-	(219,170)	15,327,604	5,471,751
Net pension liability	67,801,449	6,468,494	(14,095,763)	60,174,180	-
Net OPEB liability	27,861,900	11,247,524	(1,617,210)	37,492,214	-
Governmental activities long-term liabilities	\$ 597,323,379	\$ 19,265,621	\$ (27,789,532)	\$ 588,799,468	\$ 16,167,568

* Beginning balance was adjusted to reflect implementation of GASB Statement No. 101, *Compensated Absences*. Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, serial or term bonds, or capital appreciation bonds (CAB). Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indenture. The \$444,040,000 in outstanding general obligation bonds and related liabilities comprises debt backed by the full faith of the State of Texas Permanent School Fund.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2016 REF	2.00-5.00%	\$ 47,120,000	2030	\$ 10,475,000	\$ -	\$ (1,775,000)	\$ 8,700,000
2021 REF	1.44-5.00%	105,915,000	2038	102,305,000	-	-	102,305,000
2021 (CAB)	0.46-0.73%	825,000	2025	225,000	-	(225,000)	-
2022 U/L School Bldg Bonds	2.75-5.00%	189,500,000	2052	188,160,000	-	(1,230,000)	186,930,000
2022B U/L School Bldg Bonds	4.00-5.00%	72,885,000	2052	70,135,000	-	(985,000)	69,150,000
2023 U/L School Bldg Bonds	4.00-5.00%	78,455,000	2053	77,980,000	-	(1,025,000)	76,955,000
Totals				\$ 449,280,000	\$ -	\$ (5,240,000)	\$ 444,040,000

Waco Independent School District

Notes to the Financial Statements

General obligation bonds mature serially and the capital appreciation bonds accreted in value through 2025. Debt service requirements for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	\$ 10,250,000	\$ 15,855,742	\$ 26,105,742
2027	10,745,000	15,361,892	26,106,892
2028	11,285,000	14,824,642	26,109,642
2029	11,850,000	14,260,392	26,110,392
2030	12,415,000	13,689,242	26,104,242
2031 - 2035	68,550,000	61,999,906	130,549,906
2036 - 2040	76,290,000	52,356,640	128,646,640
2041 - 2045	86,260,000	38,539,100	124,799,100
2046 - 2050	104,215,000	20,575,237	124,790,237
2051 - 2055	52,180,000	3,091,525	55,271,525
Totals	\$ 444,040,000	\$ 250,554,318	\$ 694,594,318

Defeased Debt

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements. At year end there were \$22,940,000 outstanding bonds considered defeased from the Unlimited Tax Refunding Bonds, Series 2016.

A portion of the bonds sold in 2021 were capital appreciation bonds, commonly referred to as "premium compound interest bonds". These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The following reflects the total accreted value of outstanding capital appreciation bonds at August 31, 2025.

Series	Amount Due at Maturity	Amount Received at Issue	Total to be Accreted	Beginning Balance	Current Year Accretion	Additions/ (Maturities)	Ending Balance
UTRB, Series 2021	\$ 10,470,000	\$ 825,000	\$ 9,645,000	\$ 4,550,176	\$ 34,824	\$ (4,585,000)	\$ -
Total	\$ 10,470,000	\$ 825,000	\$ 9,645,000	\$ 4,550,176	\$ 34,824	\$ (4,585,000)	\$ -

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2025. The District's interest and sinking (I&S) ad valorem tax rate is subject to a \$0.50 tax rate cap limitation. The District's I&S tax rate for the 2024 tax year was \$0.28254.

As of August 31, 2025 the District had no authorized but unissued bonds remaining from the November 2, 2021 bond election.

Waco Independent School District

Notes to the Financial Statements

Federal Arbitrage

The Federal Tax Reform Act of 1986 enacted section 148(f) in the Internal Revenue Code, relating to arbitrage rebate requirements, which generally provides that, in order for interest on any issue of obligation to be excluded from gross income, the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "non-purpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The Act requires issuers of tax-exempt debt to make payments to the U.S. Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

The District estimates and updates its liability annually for all tax-exempt issuances, as required by law. As of August 31, 2025, the District had an arbitrage rebate liability of \$7,064,481, recorded as a noncurrent liability in the government-wide financial statements.

Leases Payable

The District enters into lease agreements From time to time as a lessor of equipment. As of August 31, 2025, the District had 45 active leases. The leases have payments that range from \$200 to \$106,200, interest rates that range from 0.3150% to 3.0740%, and lease terms that range from two to nine years. As of August 31, 2025, the total combined value of the lease liability is \$1,094,018, \$328,962 of which is considered short-term. As of August 31, 2025, the combined value of the right-to-use assets, equipment of \$1,805,203 with accumulated amortization of \$736,126 is included within the capital assets table found in Note 7.

The schedule of principal and interest requirements to maturity is as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	\$ 328,962	\$ 17,623	\$ 346,585
2027	313,968	10,777	324,745
2028	232,132	4,835	236,967
2029	122,141	1,815	123,956
2030	96,815	531	97,346
Totals	\$ 1,094,018	\$ 35,581	\$ 1,129,599

Subscriptions Payable

As of August 31, 2025, the District had 9 active subscriptions. The subscriptions have payments that range from \$0 to \$97,875, interest rates that range from 2.0237% to 3.3050%, and subscription terms that range from two to five years. As of August 31, 2025, the total combined value of the subscription liability is \$198,630, and the total combined value of the short-term subscription liability is \$116,855. As of August 31, 2025, the combined value of the right-to-use assets, subscription assets of \$922,053 with accumulated amortization of \$610,617 is included within the capital assets table found in Note 7. The subscriptions had no variable payments and no other payments included in the subscription liability.

Waco Independent School District

Notes to the Financial Statements

The schedule of principal and interest requirements to maturity is as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	\$ 116,855	\$ 4,820	\$ 121,675
2027	81,775	2,521	84,296
Totals	\$ 198,630	\$ 7,341	\$ 205,971

Note 9. Fund Balance

Committed Fund Balance

The other committed fund balance in the governmental funds consists of the following:

	General Fund	Nonmajor Funds
Open purchase orders	\$ 136,607	\$ -
Maintenance improvement and repair projects	232,613	-
Campus activity funds	-	674,802
Total other committed fund balance	\$ 369,220	\$ 674,802

Note 10. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan 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

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

Waco Independent School District

Notes to the Financial Statements

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 where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

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

Contributions

Contribution requirements are established or amended pursuant to Article XVI, 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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers (District)	8.25%	8.25%

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	\$ 5,262,708
Member contributions	9,589,351
NECE on-behalf contributions (State)	6,244,701

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

Waco Independent School District

Notes to the Financial Statements

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 the 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 colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2.0% in fiscal year 2025.

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

At August 31, 2025, the District reported a liability of \$60,174,180 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 net pension liability	\$ 60,174,180
State's proportionate share of the net pension liability associated with the District	<u>62,392,046</u>
Total	<u><u>\$ 122,566,226</u></u>

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.0985103% which was a decrease of 0.0001957% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized pension expense of \$16,086,510 and revenue of \$7,456,892 for support provided by the State.

Waco Independent School District

Notes to the Financial Statements

At August 31, 2025, the District reported 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 experience	\$ 3,316,719	\$ 469,811
Changes of assumptions	3,106,922	416,532
Difference between projected and actual earnings on pension plan investments	365,778	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	1,311,048	382,529
District contributions paid subsequent to the measurement date	5,262,708	-
Totals	\$ 13,363,175	\$ 1,268,872

\$5,262,708 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ending August 31,
2026	\$ 644,058
2027	6,760,796
2028	851,021
2029	(1,615,315)
2030	191,035
Total	\$ 6,831,595

Waco Independent School District

Notes to the Financial Statements

Actuarial Methods and Assumptions

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
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 (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2021 and adopted in July 2022.

Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in 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.

Waco Independent School District

Notes to the Financial Statements

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 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 TRS's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	-	4.0%	-
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	-	2.5%	-
Risk parity:			
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage:			
Cash	2.0%	1.0%	-
Asset allocation leverage cash	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			-0.7%
Total	100.0%		7.9%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2024 policy model.

*** Capital market assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).

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

Waco Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 96,113,413	\$ 60,174,180	\$ 30,395,971

Changes of Assumptions Since the Prior Measurement Date

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

Change of Benefit Terms Since the Prior Measurement Date

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.

Note 11. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's 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 Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

Benefits Provided

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

Waco Independent School District

Notes to the Financial Statements

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 postemployment benefit changes; including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS 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 premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	\$ 1,061,984
Member contributions	755,518
NECE on-behalf contributions (State)	1,318,716

Waco Independent School District

Notes to the Financial Statements

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

The State of Texas also contributed \$807,957, \$628,130 and \$606,148 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

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

On August 31, 2025, the District reported a liability of \$37,492,214 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 37,492,214
State's proportionate share of the net OPEB liability associated with the District	<u>46,977,236</u>
Total	<u><u>\$ 84,469,450</u></u>

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.1235266% which was a decrease of 0.0023272% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized net OPEB revenue of \$11,185,708 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$(6,106,174) was recognized for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,185,999	\$ 18,710,648
Changes of assumptions	4,798,561	12,233,276
Difference between projected and actual earnings on OPEB plan investments	-	104,990
Changes in proportion and difference between District's contributions and the proportionate share of contributions	3,339,749	5,043,575
District contributions paid subsequent to the measurement date	<u>1,061,984</u>	<u>-</u>
Totals	<u><u>\$ 16,386,293</u></u>	<u><u>\$ 36,092,489</u></u>

Waco Independent School District

Notes to the Financial Statements

\$1,061,984 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending August 31,	
2026	\$ (6,034,150)
2027	(4,336,092)
2028	(4,282,996)
2029	(3,418,617)
2030	(2,053,744)
Thereafter	(642,581)
Total	\$ (20,768,180)

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability 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. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 10 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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.

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.

Waco Independent School District
Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability at August 31, 2024. This was a decrease of 0.26% in the discount rate since the August 31, 2023 measurement date. The plan is essentially a “pay-as-you-go” plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the same used for the pension plan.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB liability.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	\$ 44,542,503	\$ 37,492,214	\$ 31,795,475

Waco Independent School District

Notes to the Financial Statements

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 30,531,842	\$ 37,492,214	\$ 46,562,273

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected 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. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

Change of Benefit Terms Since the Prior Measurement Date

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

Note 12. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. There were no significant reductions in insurance coverage from the prior year. The District purchases commercial insurance to cover general liabilities. There have been no claim settlements in excess of insurance coverage in the last three years.

Health Care Coverage

On January 1, 2019, the District established a self-funded health insurance plan. Through December 31, 2023, the District was contracted with Blue Cross Blue Shield to provide administrative services for the health care benefits program and Express-Scripts to provide pharmacy benefits management. Starting January 1, 2024, the District contracted with UnitedHealthcare to provide administrative services for the health care benefits program and CVS to provide pharmacy benefits management. Under the plan, employees have a choice of three plans, including two HMO and a high-deductible plan which offers a health savings account (HSA). Health benefit consulting services are contracted from an independent firm.

The health benefits plan is accounted for in the Internal Service Fund and is funded through employee and employer contributions. The District makes contributions to cover a portion of the employees' premiums and the employees are required to make contributions to cover their dependents. For the 2025 plan year, the District contributed \$559 per employee, per month. The contracts between the District and the insurer provide terms of coverage and contribution rates. The District obtains stop loss coverage through a third- party insurance company for claims in excess of \$150,000.

Waco Independent School District

Notes to the Financial Statements

The Internal Service Fund charges the General Fund and other funds for the District's portion of premiums for employees whose salaries are charged to those funds. The liability includes actuarially estimated amounts with a 10.0% margin for incurred but not reported claims (IBNR) of \$1,413,000 in medical claims and \$0 in prescription drugs. The following is a reconciliation of changes in the aggregate liabilities for claims for the last two fiscal years:

	2025	2024
Beginning of the year liability	\$ 672,000	\$ 381,000
Current year claims, including changes in estimates	15,110,216	13,089,730
Claims payments	(14,369,216)	(12,798,730)
End of year liability	<u>\$ 1,413,000</u>	<u>\$ 672,000</u>

Workers' Compensation

During the year ended August 31, 2025, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The fund provides statutory workers' compensation benefits to its members' injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of \$50,247,590 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductible.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

For the 2024-2025 plan year, the excess coverage insurance policy covers any claim in excess of \$734,856. The Fund performs an evaluation of workers' compensation claims submitted incidents occurring prior to August 31, 2025 and has projected open claims and incurred but not reported claims for all years will cost \$249,336. The District has not significantly reduced insurance coverage during the past three years or had settlements which exceeded coverage.

Waco Independent School District

Notes to the Financial Statements

The following is a reconciliation of changes in the aggregate liabilities for claims for the last two fiscal years:

	2025	2024
Beginning of the year liability	\$ 273,429	\$ 228,138
Current year claims, including changes in estimates	266,668	290,895
Claims payments	(290,761)	(245,604)
End of year liability	\$ 249,336	\$ 273,429

Auto Liability, General Liability, and Legal Liability

During the year ended August 31, 2025, the District participated in the following TASB Risk Management Fund programs:

- Auto liability
- Auto Physical Damage
- Legal liability
- Privacy and Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability, and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

Note 13. Shared Service Arrangements

McLennan County Challenge Academy – Juvenile Justice Alternative Education Program

The District is the fiscal agent for the McLennan County Challenge Academy, a Shared Service Arrangement (SSA) which provides discretionary and mandatory juvenile justice alternative education programs to member districts. All services are provided by the fiscal agent. In addition to State funding, member districts provide funds to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this SSA in a Special Revenue Fund.

Waco Independent School District

Notes to the Financial Statements

Expenditures of the SSA are summarized by member district on the following schedule:

Member District	Percent of Students	Allocated Expenditures 446
Axtell	0.28%	\$ 2,663
Bosqueville	0.03%	285
Bruceville-Eddy	0.01%	95
China Spring	0.30%	2,853
Connally	5.20%	49,459
Crawford	0.11%	1,046
Gholson	0.12%	1,141
La Vega	1.52%	14,457
Lorena	0.05%	476
Mart	0.23%	2,188
McGregor	0.32%	3,044
Methodist Home	3.29%	31,292
Midway	4.24%	40,328
Moody	0.38%	3,614
Riesel	0.01%	95
Robinson	5.37%	51,076
Waco	78.06%	742,460
West	0.48%	4,565
Totals	100.00%	\$ 951,137

Regional Day School for the Deaf

The District is also the fiscal agent for an SSA which provides special education services for the deaf to member districts. All services are provided by the fiscal agent. In addition to State and Federal program revenues, the member districts provide funds to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the District accounts for the fiscal agent's activities of the SSA in a Special Revenue Fund.

Expenditures of the SSA are summarized by member district as follows:

Member District	Percent of Students	Allocated Expenditures 315	Allocated Expenditures 435	Allocated Expenditures 458
Axtell	2.87%	\$ 24	\$ 4,383	\$ 18,676
Falls Co-op	7.75%	64	11,835	50,431
La Vega	2.87%	24	4,383	18,676
Midway	17.31%	143	26,435	112,641
Robinson	3.82%	32	5,834	24,858
Waco	61.56%	508	94,012	400,589
West	3.82%	32	5,834	24,858
Totals	100.00%	\$ 827	\$ 152,716	\$ 650,729

Waco Independent School District

Notes to the Financial Statements

Note 14. Litigation, Commitments and Contingencies

State and Federal Programs -- The District participates in a number of federal award programs. Although the programs have been audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance through August 31, 2025, these programs are still subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

As of August 31, 2025, the District was party to construction contracts totaling \$292.4 million with a remaining commitment of \$10.3 million including retainage of \$9.7 million.

The District is involved in various claims, including property insurance claims, and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will have no material adverse effect on the District's financial position, results of operations, or liquidity.

Note 15. Change in Major Fund

In fiscal year 2025, the District experienced a change in reporting of major funds when applying the quantitative threshold for such reporting under GASB 34, paragraph 76. In fiscal year 2024, the District reported ARP ESSER III as a major fund. In fiscal year 2025, the District reports ARP ESSER III as a nonmajor fund. The change in major funds has no effect on beginning fund balance as these funds do not carry a fund balance.

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Required Supplementary Information

Waco Independent School District

Exhibit G-1

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Fiscal Year Ended August 31, 2025

Data Control Codes					Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 71,253,694	\$ 71,835,398	\$ 70,821,497	\$ (1,013,901)
5800	State program revenues	79,988,437	82,786,295	87,003,928	4,217,633
5900	Federal program revenues	3,718,789	4,637,207	5,170,246	533,039
5020	Total revenues	154,960,920	159,258,900	162,995,671	3,736,771
EXPENDITURES					
Current:					
0011	Instruction	88,021,699	90,919,351	87,049,339	3,870,012
0012	Instructional resources and media services	1,422,823	1,494,720	1,464,688	30,032
0013	Curriculum and instructional staff development	3,372,422	3,337,494	3,044,117	293,377
0021	Instructional leadership	3,415,549	3,416,123	3,182,643	233,480
0023	School leadership	9,519,505	9,662,479	9,214,296	448,183
0031	Guidance, counseling, and evaluation services	7,040,303	7,370,767	7,066,084	304,683
0032	Social work services	543,622	443,362	389,567	53,795
0033	Health services	1,622,342	1,698,768	1,639,231	59,537
0034	Student transportation	4,927,508	5,944,306	4,661,066	1,283,240
0035	Food service	-	21,157	21,157	-
0036	Extracurricular activities	5,577,914	6,344,810	5,675,962	668,848
0041	General administration	6,349,454	6,972,164	6,042,479	929,685
0051	Plant maintenance and operations	20,313,668	23,238,275	20,433,853	2,804,422
0052	Security and monitoring services	3,692,568	4,396,645	4,198,525	198,120
0053	Data processing services	3,430,585	4,887,025	4,544,909	342,116
0061	Community services	1,039,707	1,046,187	863,890	182,297
Debt service:					
0071	Principal on long-term debt	297,930	545,520	540,783	4,737
0072	Interest on long-term debt	20,070	41,305	32,431	8,874
Intergovernmental:					
0093	Payments related to shared services arrangements	300,000	322,000	307,599	14,401
0095	Payments to juvenile justice alternative education programs	555,000	755,000	703,014	51,986
0097	Payments to tax increment fund	175,000	175,000	72,653	102,347
0099	Other intergovernmental charges	935,000	935,000	861,976	73,024
6030	Total expenditures	162,572,669	173,967,458	162,010,262	11,957,196
1100	Excess (deficiency) of revenues over (under) expenditures	(7,611,749)	(14,708,558)	985,409	15,693,967
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	-	45,917	45,917
7913	Issuance of right-to-use leases and subscriptions	-	97,312	351,029	253,717
8911	Transfers out	(535,000)	(535,000)	(162,111)	372,889
7080	Total other financing sources (uses)	(535,000)	(437,688)	234,835	672,523
1200	Net change in fund balance	(8,146,749)	(15,146,246)	1,220,244	16,366,490
0100	Fund balance - beginning	65,148,271	65,148,271	65,148,271	-
3000	FUND BALANCE - ENDING	\$ 57,001,522	\$ 50,002,025	\$ 66,368,515	\$ 16,366,490

The Notes to the Required Supplementary Information are an integral part of this schedule.

Waco Independent School District**Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension
 Liability of a Cost-Sharing Multiple-Employer Pension Plan
 Teacher Retirement System of Texas
 For the Last Ten Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.0985103%	\$ 60,174,180	\$ 62,392,046	\$ 122,566,226	\$ 117,245,160	51.32%	77.51%
2024	0.0987059%	67,801,449	73,833,249	141,634,698	113,143,098	59.93%	73.15%
2023	0.0996935%	59,185,439	71,526,993	130,712,432	112,564,532	52.58%	75.62%
2022	0.0938425%	23,898,364	33,063,323	56,961,687	107,476,297	22.24%	88.79%
2021	0.0934719%	50,061,628	70,992,607	121,054,235	105,792,769	47.32%	75.54%
2020	0.0935623%	48,636,619	67,003,759	115,640,378	98,033,516	49.61%	75.24%
2019	0.0918944%	50,580,910	76,045,664	126,626,574	96,935,706	52.18%	73.74%
2018	0.0996227%	31,853,985	44,581,627	76,435,612	96,218,234	33.11%	82.17%
2017	0.0982921%	37,143,113	51,722,852	88,865,965	91,012,010	40.81%	78.00%
2016	0.1010318%	35,713,397	45,090,294	80,803,691	83,034,215	43.01%	78.43%

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

Waco Independent School District**Exhibit G-3**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Ten Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 5,262,708	\$ (5,262,708)	\$ -	\$ 116,264,735	4.53%
2024	5,549,538	(5,549,538)	-	117,245,160	4.73%
2023	5,020,361	(5,020,361)	-	113,143,098	4.44%
2022	4,658,014	(4,658,014)	-	112,564,532	4.14%
2021	4,008,686	(4,008,686)	-	107,476,297	3.73%
2020	3,850,936	(3,850,936)	-	105,792,769	3.64%
2019	3,237,191	(3,237,191)	-	98,033,516	3.30%
2018	3,128,330	(3,128,330)	-	96,935,706	3.23%
2017	3,256,599	(3,256,599)	-	96,218,234	3.38%
2016	3,122,988	(3,122,988)	-	91,012,010	3.43%

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

Waco Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
For the Last Eight Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.12352666%	\$ 37,492,214	\$ 46,977,236	\$ 84,469,450	\$ 117,245,160	31.98%	13.70%
2024	0.1258538%	27,861,900	33,619,665	61,481,565	113,143,098	24.63%	14.94%
2023	0.1295881%	31,028,582	37,849,996	68,878,578	112,564,532	27.57%	11.52%
2022	0.1227822%	47,362,589	63,455,314	110,817,903	107,476,297	44.07%	6.18%
2021	0.1253432%	47,648,616	64,028,318	111,676,934	105,792,769	45.04%	4.99%
2020	0.1231808%	58,253,729	77,406,176	135,659,905	98,033,516	59.42%	2.66%
2019	0.1243990%	62,113,538	80,233,292	142,346,830	96,935,706	64.08%	1.57%
2018	0.1332423%	57,942,061	70,108,100	128,050,161	96,218,234	60.22%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

Waco Independent School District**Exhibit G-5**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
For the Last Eight Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,061,984	\$ (1,061,984)	\$ -	\$ 116,264,735	0.91%
2024	1,100,784	(1,100,784)	-	117,245,160	0.94%
2023	1,087,532	(1,087,532)	-	113,143,098	0.96%
2022	1,066,035	(1,066,035)	-	112,564,532	0.95%
2021	959,412	(959,412)	-	107,476,297	0.89%
2020	951,363	(951,363)	-	105,792,769	0.90%
2019	867,726	(867,726)	-	98,033,516	0.89%
2018	829,665	(829,665)	-	96,935,706	0.86%

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

Ten years of data is not available.

Waco Independent School District

Notes to the Required Supplementary Information

Note 1. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, National School Breakfast and Lunch Program, and Debt Service funds. For fiscal years beginning September 1, the Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The District's administration determines budgetary funding priorities, and the budgets are prepared in the same basis of accounting that is used for reporting, in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days' public notice of the meeting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The District's administration continuously monitors the budget, performing reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board, as necessary. The Board must approve amendments to the budget at the fund and functional expenditure level or revenue object accounts as defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the functional level by fund. The administration may amend the budget without Board approval if appropriations are not transferred between functions.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2024	7.000%	7.000%	3.870%
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	

Waco Independent School District

Notes to the Required Supplementary Information

Changes in Demographic and Economic Assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in Benefit Terms

For measurement date August 31, 2024 – 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 measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Other Changes

For measurement date August 31, 2024 – Net OPEB Liability:

- The tables used to model impact of aging on the underlying claims were revised.

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Waco Independent School District

Notes to the Required Supplementary Information

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

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Supplementary Information

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Waco Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2025

Special Revenue Funds

Special Revenue Funds are governmental funds used to account for specific revenue sources which are legally restricted to expenditures for specified purposes. These funds utilize the modified accrual basis of accounting.

ESSA, Title X, Part C – Education for the Homeless Children and Youth (Fund 206)

This fund is used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement of 2001, amended by NCLB Act of 2001, Title X, Part C.

ESSA, Title I, Part A – Improving Basic Programs (Fund 211)

This fund is used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110.

IDEA, Part B, Formula (Fund 224)

This fund is used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement sub-grants. This program is authorized under P.L. 108-446.

IDEA, Part B, Preschool (Fund 225)

This fund is used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P.L. 105-17.

National School Breakfast and Lunch Program (Fund 240)

This fund is used to account for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA).

Career and Technical, Basic Grant (Fund 244)

This fund is used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. This program is authorized by P.L. 109-270.

ESSA, Title II, Part A – Teacher and Principal Training and Recruiting (Fund 255)

This fund is used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals in schools and hold LEAs accountable for improving student academic achievement. This program is authorized under P.L. 107-110.

ESSA, Title III, Part A, English Language Acquisition and Language Enhancement (Fund 263)

This fund is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

Waco Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2025

ARP Homeless (TEHCY) (Fund 278)

This fund is used to account for federal stimulus ESSER funds granted to LEAs through the American Rescue Plan Act to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.

American Rescue Plan Homeless II Children and Youth (Fund 280)

This fund is used to account for funding to increase capacity to identify, enroll, and provide wraparound services to address the unique needs of homeless children and youth due to the impact of the coronavirus pandemic.

ARP ESSER III (Fund 282)

This fund provides federal stimulus ESSER funds granted to the District through the ARP Act that support the District's ability to operate and instruct its students during the COVID-19 pandemic.

Other Federally Funded Special Revenue Funds (Fund 289)

These funds are used to account, on a project basis, for federally funded special revenue funds that are not otherwise listed.

Shared Services Arrangements – IDEA, Part B, Discretionary (Fund 315)

This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds used to support the Regional Day School for the Deaf programs and other emerging needs.

Advanced Placement Incentives (Fund 397)

This fund accounts on a project basis for funds awarded to the District under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

State Textbook Fund (Fund 410)

This fund is used to account, on a project basis, for funds awarded to school districts under the instructional materials allotment, TEC Chapter 31, Subchapter B.

Texas Workforce Commission -- Apprenticeship Training (Fund 427)

This fund is used to account for funds provided to local education agencies, under the Texas Education Code, Chapter 133, to support the costs of job-related classroom instruction in registered apprenticeship training programs.

Other State Special Revenue Funds (Fund 429)

These are state funded special revenue funds not otherwise listed.

Shared Services Arrangements – Regional Day School for the Deaf (Fund 435)

This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

Shared Services Arrangements – McLennan County Challenge Academy (Fund 446)

This fund is used by the school district, as fiscal agent of a shared services arrangement, to account for activities of the McLennan County Challenge Academy, the Juvenile Justice Alternative Education Program.

Shared Services Arrangements – Regional Day School for the Deaf (Fund 458)

This fund is used by the school district, as fiscal agent of a shared services arrangement, to account for the locally funded component of the Regional Day School for the Deaf.

Waco Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2025

Campus Activity Funds (Fund 461)

This fund is used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the general fund.

Waco ISD Education Foundation Grants (Fund 487)

This fund is used to account for grants awarded by the Waco ISD Foundation, an independent, nonprofit organization that provides grants for education programs and projects that are not covered by the school budgets or tax dollars.

Baylor University Professional Development Grant (Fund 492)

This fund is used to account for funds contributed by Baylor University in its partnership with the school district to provide professional mentoring to instructional staff.

Greater Waco Advanced Manufacturing Academies (Fund 497)

This fund is used to account for funds generated through tuition contributions from Waco ISD and other regional districts participating in programs at the Advanced Manufacturing Academy and the Advanced Health Care Academy.

Other Locally Funded Special Revenue Funds (Fund 499)

These funds are locally funded special revenue funds not otherwise listed.

240	244	255	263	278	280
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting	ESSA, Title III, Part A - English Language Acquisition and Language Enhancement	ARP Homeless I TEHCY	ARP Homeless II Children and Youth
\$ 7,928,434	\$ -	\$ -	\$ -	\$ -	\$ -
882,385	75,657	527,986	55,928	-	-
2,349	-	-	-	-	-
-	-	-	-	-	71
39,471	-	-	-	-	-
<u>\$ 8,852,639</u>	<u>\$ 75,657</u>	<u>\$ 527,986</u>	<u>\$ 55,928</u>	<u>\$ -</u>	<u>\$ 71</u>
\$ 442,276	\$ -	\$ 42,092	\$ -	\$ -	\$ -
-	-	-	-	-	-
118,361	2,651	17,876	8,040	-	-
76,806	66,804	465,435	47,888	-	-
-	6,202	2,583	-	-	71
-	-	-	-	-	-
637,443	75,657	527,986	55,928	-	71
8,215,196	-	-	-	-	-
-	-	-	-	-	-
8,215,196	-	-	-	-	-
<u>\$ 8,852,639</u>	<u>\$ 75,657</u>	<u>\$ 527,986</u>	<u>\$ 55,928</u>	<u>\$ -</u>	<u>\$ 71</u>

Waco Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds - Continued

August 31, 2025

		282	289	315	397
Data Control Codes		ARP ESSER III	Other Federally Funded Special Revenue Funds	Shared Services Arrangements - IDEA - Part B, Discretionary	Advanced Placement Incentives
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	-	262,424	-	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	204
1290	Other receivables	-	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 262,424</u>	<u>\$ -</u>	<u>\$ 204</u>
	LIABILITIES				
2110	Accounts payable	\$ -	\$ 30,377	\$ -	\$ -
2120	Other current liabilities	-	-	-	-
2160	Accrued wages payable	-	1,190	-	-
2170	Due to other funds	-	174,519	-	-
2180	Due to other governments	-	2,737	-	-
2300	Unearned revenue	-	53,601	-	204
2000	Total liabilities	-	262,424	-	204
	FUND BALANCES				
	Restricted:				
3450	Grants	-	-	-	-
	Committed:				
3545	Other	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 262,424</u>	<u>\$ -</u>	<u>\$ 204</u>

410	427	429	435	446	458
State Textbook Fund	Texas Workforce Commission Apprenticeship Training	Other State Funded Special Revenue Funds	Shared Services Arrangements - Regional Day School for the Deaf	Shared Services Arrangements - McLennan County Challenge Academy	Shared Services Arrangements - Regional Day School for the Deaf Local Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,001	-	865,665	30,039	90,657	-
-	-	-	-	-	-
73,156	89,514	-	-	425,563	37,432
-	2,829	-	-	-	-
<u>\$ 81,157</u>	<u>\$ 92,343</u>	<u>\$ 865,665</u>	<u>\$ 30,039</u>	<u>\$ 516,220</u>	<u>\$ 37,432</u>
\$ -	\$ -	\$ 289,260	\$ -	\$ 111	\$ 595
-	-	-	-	-	-
-	-	3,150	7,027	45,708	36,837
-	-	571,859	22,474	-	-
-	-	1,352	538	-	-
81,157	76,628	44	-	470,401	-
81,157	76,628	865,665	30,039	516,220	37,432
-	15,715	-	-	-	-
-	-	-	-	-	-
-	15,715	-	-	-	-
<u>\$ 81,157</u>	<u>\$ 92,343</u>	<u>\$ 865,665</u>	<u>\$ 30,039</u>	<u>\$ 516,220</u>	<u>\$ 37,432</u>

Waco Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds - Continued

August 31, 2025

		461	487	492
Data Control Codes		Campus Activity Funds	Waco ISD Foundation Grants	Baylor University Professional Development Grant
ASSETS				
1110	Cash and cash equivalents	\$ 676,287	\$ -	\$ -
1240	Due from other governments	-	-	-
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	1,180	135,221	9,661
1000	TOTAL ASSETS	\$ 677,467	\$ 135,221	\$ 9,661
LIABILITIES				
2110	Accounts payable	\$ 182	\$ 10,000	\$ 231
2120	Other current liabilities	588	-	-
2160	Accrued wages payable	-	-	1,685
2170	Due to other funds	1,895	124,521	7,745
2180	Due to other governments	-	700	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	2,665	135,221	9,661
FUND BALANCES				
Restricted:				
3450	Grants	-	-	-
Committed:				
3545	Other	674,802	-	-
3000	Total fund balances	674,802	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 677,467	\$ 135,221	\$ 9,661

497

499

Greater Waco Advanced Manufacturing Academies Fund	Other Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ -	\$ 8,604,721
-	-	5,685,645
-	-	2,349
177,898	146,156	949,994
750	34,290	223,402
<u>\$ 178,648</u>	<u>\$ 180,446</u>	<u>\$ 15,466,111</u>
\$ 64,178	\$ 2,256	\$ 889,729
-	-	588
93,270	-	732,793
-	-	4,038,089
-	-	17,774
21,200	178,190	881,425
178,648	180,446	6,560,398
-	-	8,230,911
-	-	674,802
-	-	8,905,713
<u>\$ 178,648</u>	<u>\$ 180,446</u>	<u>\$ 15,466,111</u>

Waco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds

For the Fiscal Year Ended August 31, 2025

		206	211	224	225
Data Control Codes		ESSA Title X, Part C - Education for the Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool
	REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	95,773	7,974,354	3,267,141	41,933
5020	Total revenues	95,773	7,974,354	3,267,141	41,933
	EXPENDITURES				
	Current:				
0011	Instruction	582	3,479,400	1,812,875	361
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	3,562,857	12,628	-
0021	Instructional leadership	33,555	158,273	195,827	24,538
0023	School leadership	-	196,505	-	-
0031	Guidance, counseling, and evaluation services	-	30,150	1,245,811	17,034
0032	Social work services	61,636	141,512	-	-
0033	Health services	-	24,333	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	381,324	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangements	-	-	-	-
6030	Total expenditures	95,773	7,974,354	3,267,141	41,933
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES)				
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balances - beginning	-	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

240	244	255	263	278	280
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting	ESSA, Title III, Part A - English Language Acquisition and Language Enhancement	ARP Homeless I TEHCY	ARP Homeless II Children and Youth
\$ 1,082,320	\$ -	\$ -	\$ -	\$ -	\$ -
42,235	-	-	-	-	-
10,905,263	260,697	1,495,987	272,596	3,621	16,929
12,029,818	260,697	1,495,987	272,596	3,621	16,929
-	32,465	-	176,739	1,825	10,271
-	-	-	-	-	-
-	-	996,950	95,857	-	-
-	228,232	1,582	-	1,796	3,983
-	-	497,455	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,675
-	-	-	-	-	-
-	-	-	-	-	-
11,589,994	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,589,994	260,697	1,495,987	272,596	3,621	16,929
439,824	-	-	-	-	-
70,866	-	-	-	-	-
-	-	-	-	-	-
70,866	-	-	-	-	-
510,690	-	-	-	-	-
7,704,506	-	-	-	-	-
\$ 8,215,196	\$ -	\$ -	\$ -	\$ -	\$ -

Waco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds - Continued

For the Fiscal Year Ended August 31, 2025

		282	289	315	397
Data Control Codes			Other Federally Funded Special Revenue Funds	Shared Services Arrangements - IDEA - Part B, Discretionary	Advanced Placement Incentives
		ARP ESSER III			
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	5,942,582	753,858	827	-
5020	Total revenues	5,942,582	753,858	827	-
EXPENDITURES					
Current:					
0011	Instruction	3,945,388	565,863	827	-
0012	Instructional resources and media services	133,764	-	-	-
0013	Curriculum and instructional staff development	165,583	58,744	-	-
0021	Instructional leadership	109,574	-	-	-
0023	School leadership	345,520	-	-	-
0031	Guidance, counseling, and evaluation services	199,665	129,251	-	-
0032	Social work services	25,841	-	-	-
0033	Health services	40,272	-	-	-
0034	Student transportation	17,638	-	-	-
0035	Food service	176,685	-	-	-
0036	Extracurricular activities	84,054	-	-	-
0041	General administration	123,072	-	-	-
0051	Plant maintenance and operations	428,680	-	-	-
0052	Security and monitoring services	60,491	-	-	-
0053	Data processing services	54,546	-	-	-
0061	Community services	17,536	-	-	-
Capital Outlay:					
0081	Facilities acquisition and construction	14,273	-	-	-
Intergovernmental:					
0093	Payments related to shared services arrangements	-	-	-	-
6030	Total expenditures	5,942,582	753,858	827	-
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balances - beginning	-	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

410	427	429	435	446	458
State Textbook Fund	Texas Workforce Commission Apprenticeship Training	Other State Funded Special Revenue Funds	Shared Services Arrangements - Regional Day School for the Deaf	Shared Services Arrangements - McLennan County Challenge Academy	Shared Services Arrangements - Regional Day School for the Deaf Local Funds
\$ -	\$ -	\$ -	\$ -	\$ 822,393	\$ 601,379
294,286	13,825	1,278,980	152,716	128,744	33,491
-	-	-	-	-	-
294,286	13,825	1,278,980	152,716	951,137	634,870
294,286	-	3,150	123,208	562,805	549,182
-	-	-	-	-	-
-	-	-	4,970	-	87,146
-	-	-	24,538	-	-
-	-	-	-	201,633	-
-	-	-	-	89,602	-
-	-	-	-	-	-
-	-	-	-	99	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	7,147	-
-	13,825	1,275,830	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	89,851	14,401
294,286	13,825	1,278,980	152,716	951,137	650,729
-	-	-	-	-	(15,859)
-	-	-	-	-	-
-	-	-	-	-	15,859
-	-	-	-	-	15,859
-	-	-	-	-	-
-	15,715	-	-	-	-
\$ -	\$ 15,715	\$ -	\$ -	\$ -	\$ -

Waco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds - Continued

For the Fiscal Year Ended August 31, 2025

		461	487	492
Data Control Codes		Campus Activity Funds	Waco ISD Foundation Grants	Baylor University Professional Development Grant
	REVENUES			
5700	Local and intermediate sources	\$ 622,833	\$ 128,669	\$ 66,276
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	622,833	128,669	66,276
	EXPENDITURES			
	Current:			
0011	Instruction	123,084	118,669	-
0012	Instructional resources and media services	86,878	-	-
0013	Curriculum and instructional staff development	329	10,000	66,276
0021	Instructional leadership	-	-	-
0023	School leadership	35,414	-	-
0031	Guidance, counseling, and evaluation services	76	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	386,233	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	2,138	-	-
0052	Security and monitoring services	4,019	-	-
0053	Data processing services	-	-	-
0061	Community services	1,247	-	-
	Capital Outlay:			
0081	Facilities acquisition and construction	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	639,418	128,669	66,276
1100	Excess (deficiency) of revenues over (under) expenditures	(16,585)	-	-
	OTHER FINANCING SOURCES (USES)			
7912	Sale of real and personal property	-	-	-
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	(16,585)	-	-
0100	Fund balances - beginning	691,387	-	-
3000	FUND BALANCES - ENDING	\$ 674,802	\$ -	\$ -

497

499

Greater Waco Advanced Manufacturing Academies Fund	Other Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ 2,062,040	\$ 176,728	\$ 5,562,638
110,097	-	2,054,374
-	-	31,031,561
2,172,137	176,728	38,648,573
1,618,540	103,093	13,522,613
-	837	221,479
105,600	62,102	5,229,042
298,020	-	1,079,918
-	-	1,276,527
110,764	-	1,822,353
-	-	231,664
-	-	64,704
-	-	17,638
-	-	11,766,679
-	2,203	472,490
-	-	123,072
185,465	-	623,430
-	-	1,354,165
-	-	54,546
-	8,493	408,600
-	-	14,273
-	-	104,252
2,318,389	176,728	38,387,445
(146,252)	-	261,128
-	-	70,866
146,252	-	162,111
146,252	-	232,977
-	-	494,105
-	-	8,411,608
\$ -	\$ -	\$ 8,905,713

Waco Independent School District
Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended August 31, 2025

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/ Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2016 and prior years	\$	Various	\$	Various	\$	Various
2017		1.17000		0.23000		5,053,462,320
2018		1.17000		0.24000		5,220,581,465
2019		1.17000		0.23408		5,822,476,266
2020		1.06835		0.23410		6,271,959,413
2021		1.03980		0.22415		6,383,598,838
2022		1.02440		0.22024		6,881,467,412
2023		0.94290		0.29897		8,415,050,138
2024		0.76640		0.26219		8,967,052,860
2025		0.76640		0.28254		8,721,319,809

1000 TOTALS

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit J-1

10	20	31	32	40	50	99
Beginning Balance 9/1/2024	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2025	Total Taxes Refunded Under Section 26.1115(c)
\$ 759,853	\$ -	\$ 18,016	\$ 3,542	\$ (49,765)	\$ 688,530	
107,054	-	3,684	724	(4,149)	98,497	
139,253	-	5,904	1,211	(4,129)	128,009	
173,763	-	9,985	1,998	(4,063)	157,717	
190,309	-	(1,289)	(282)	(21,001)	170,879	
216,323	-	(23,014)	(4,961)	(54,012)	190,286	
320,321	-	14,369	3,089	(52,507)	250,356	
673,010	-	101,801	32,279	(130,899)	408,031	
1,453,082	-	79,037	27,039	(793,935)	553,071	
-	91,481,412	64,644,813	23,831,870	(1,356,074)	1,648,655	
<u>\$ 4,032,968</u>	<u>\$ 91,481,412</u>	<u>\$ 64,853,306</u>	<u>\$ 23,896,509</u>	<u>\$ (2,470,534)</u>	<u>\$ 4,294,031</u>	
						\$ 45,743
		\$ 72,653				

Waco Independent School District

Exhibit J-2

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended August 31, 2025

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local and intermediate sources	\$ 615,000	\$ 615,700	\$ 1,082,320	\$ 466,620
5800	State program revenues	39,000	39,000	42,235	3,235
5900	Federal program revenues	10,835,400	10,835,400	10,905,263	69,863
5020	Total revenues	11,489,400	11,490,100	12,029,818	539,718
EXPENSES					
	Current:				
0035	Food service	12,325,453	15,414,476	11,589,994	3,824,482
6030	Total expenditures	12,325,453	15,414,476	11,589,994	3,824,482
1100	Excess (deficiency) of revenues over (under) expenditures	(836,053)	(3,924,376)	439,824	4,364,200
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	-	70,866	70,866
7080	Total other financing sources (uses)	-	-	70,866	70,866
1200	Net change in fund balance	(836,053)	(3,924,376)	510,690	4,435,066
0100	Fund balance - beginning	7,704,506	7,704,506	7,704,506	-
3000	FUND BALANCE - ENDING	\$ 6,868,453	\$ 3,780,130	\$ 8,215,196	\$ 4,435,066

Waco Independent School District**Exhibit J-3**

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2025

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local and intermediate sources	\$ 23,637,688	\$ 23,637,688	\$ 24,817,225	\$ 1,179,537
5800	State program revenues	2,358,804	2,358,804	2,811,214	452,410
5020	Total revenues	25,996,492	25,996,492	27,628,439	1,631,947
EXPENDITURES					
Current:					
Debt service:					
0071	Principal on long-term debt	5,240,000	5,240,000	5,240,000	-
0072	Interest on long-term debt	20,691,492	20,691,492	20,691,492	-
0073	Issuance costs and fees	19,000	19,000	5,350	13,650
Intergovernmental:					
0097	Payments to tax increment fund	46,000	46,000	32,691	13,309
6030	Total expenditures	25,996,492	25,996,492	25,969,533	26,959
1200	Net change in fund balance	-	-	1,658,906	1,658,906
0100	Fund balance - beginning	3,964,079	3,964,079	3,964,079	-
3000	FUND BALANCE - ENDING	\$ 3,964,079	\$ 3,964,079	\$ 5,622,985	\$ 1,658,906

Waco Independent School District
 Use of Funds Report – Select State Allotment
 For the Fiscal Year Ended August 31, 2025

Exhibit J-4

Data Codes		Responses
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the LEA's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the LEA's fiscal year.	\$ 19,021,839
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 10,842,094
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 2,195,110
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 1,060,355

Statistical Section

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Statistical Section (Unaudited)

Statistical Tables are used to provide detailed information on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements.

The District's Statistical Tables usually cover ten fiscal years and often present data from outside the accounting records. The tables are unaudited due to the nature of the information contained therein.

Page

Financial Trends – Tables 1-5

118

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

Revenue Capacity – Table 6-9

130

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity – Tables 10-12

138

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

Demographic and Economic Information – Tables 13-14

142

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information – Tables 15-18

145

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

Waco Independent School District
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 89,126,986	\$ 98,514,208	\$ 94,019,141	\$ 70,120,164
Restricted for federal and state programs	8,230,911	7,704,506	5,873,953	5,676,286
Restricted for debt service	5,527,514	-	-	-
Restricted for other purposes	-	-	2,345,002	2,457,009
Unrestricted	(56,642,330)	(44,955,646)	(54,605,379)	(57,438,274)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 46,243,081	\$ 61,263,068	\$ 47,632,717	\$ 20,815,185
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 89,126,986	\$ 98,514,208	\$ 94,019,141	\$ 70,120,164
Restricted for federal and state programs	8,230,911	7,704,506	5,873,953	5,676,286
Restricted for debt service	5,527,514	-	-	-
Restricted for other purposes	-	-	2,345,002	2,457,009
Unrestricted	(56,642,330)	(44,955,646)	(54,605,379)	(57,438,274)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 46,243,081	\$ 61,263,068	\$ 47,632,717	\$ 20,815,185

Source: District Financial Statements

¹ The District adopted Governmental Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's proportionate share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

² The District adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's proportionate share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf revenues and expenses in the amount of \$29.5 million within the operating grants and contributions and \$43.7 million in functional expense categories. Prior periods have not been restated.

³ The District adopted Governmental Accounting Standards Board Statement No. 87 for the year ended August 31, 2022, requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract.

Table 1

2021	2020	2019	2018*	2017	2016
\$ 48,860,389	\$ 32,029,477	\$ 29,669,042	\$ 29,990,868	\$ 28,540,181	\$ 26,434,432
4,698,491	3,092,933	3,822,443	2,806,177	2,251,264	1,728,453
-	3,774,583	4,037,123	3,154,115	1,906,582	1,840,786
1,751,786	-	-	-	-	-
(64,514,504)	(57,017,617)	(55,052,397)	(57,388,891)	26,606,549	30,355,750
<u>\$ (9,203,838)</u>	<u>\$ (18,120,624)</u>	<u>\$ (17,523,789)</u>	<u>\$ (21,437,731)</u>	<u>\$ 59,304,576</u>	<u>\$ 60,359,421</u>
\$ 48,860,389	\$ 32,029,477	\$ 29,669,042	\$ 29,990,868	\$ 28,540,181	\$ 26,434,432
4,698,491	3,092,933	3,822,443	2,806,177	2,251,264	1,728,453
-	3,774,583	4,037,123	3,154,115	1,906,582	1,840,786
1,751,786	-	-	-	-	-
(64,514,504)	(57,017,617)	(55,052,397)	(57,388,891)	26,606,549	30,355,750
<u>\$ (9,203,838)</u>	<u>\$ (18,120,624)</u>	<u>\$ (17,523,789)</u>	<u>\$ (21,437,731)</u>	<u>\$ 59,304,576</u>	<u>\$ 60,359,421</u>

Waco Independent School District

Changes in Net Position

Last Ten Fiscal Years

(Unaudited)

	2025	2024	2023	2022
EXPENSES				
Governmental activities:				
Instruction	\$ 107,652,339	\$ 111,508,483	\$ 102,227,921	\$ 101,232,746
Instructional resources and media services	2,404,641	2,504,535	4,111,845	3,235,033
Curriculum and instructional staff development	7,999,538	9,225,688	9,551,185	8,933,429
Instructional leadership	4,143,747	5,141,423	4,881,118	4,136,081
School leadership	10,396,450	10,987,566	10,787,666	9,819,089
Guidance, counseling, and evaluation services	8,447,799	8,711,903	8,339,301	7,025,873
Social work services	590,327	1,001,581	1,134,187	935,250
Health services	1,678,416	1,618,002	1,565,714	1,402,295
Student transportation	4,148,502	4,519,635	3,484,565	3,172,110
Food services	12,267,393	11,395,848	10,547,421	9,874,172
Extracurricular activities	7,689,359	7,515,607	7,320,418	6,419,770
General administration	6,032,865	6,801,759	6,555,878	5,867,190
Plant maintenance and operations	20,896,932	20,020,705	18,905,416	17,389,733
Security and monitoring services	5,954,153	4,708,245	2,897,773	2,421,712
Data processing services	5,462,939	3,781,108	3,972,674	3,794,523
Community services	1,259,865	1,849,836	1,972,999	1,829,316
Interest on long-term debt	15,722,646	15,787,484	13,345,184	7,502,230
Issuance costs and fees	5,350	98,274	1,378,374	20,900
Facilities acquisition, improvements and construction	329,384	-	2,171,843	1,196,164
Payments to fiscal agents/member districts of shared services arrangements	411,851	374,951	381,097	358,512
Payments related to Juvenile Alternative Education Program	703,014	527,375	601,613	601,643
Payments to tax increment fund	105,344	133,786	2,454	8,124,221
Other intergovernmental charges	861,976	833,438	832,484	721,826
Total government activities	225,164,830	229,047,232	216,969,130	206,013,818
TOTAL EXPENSES	\$ 225,164,830	\$ 229,047,232	\$ 216,969,130	\$ 206,013,818
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,720,041	\$ 2,436,446	\$ 2,484,844	\$ 2,627,136
Instructional leadership	265,067	306,705	332,150	309,837
School leadership	205,139	186,386	163,917	171,891
Guidance, counseling, and evaluation services	176,057	283,181	278,267	266,818
Food services	724,813	612,982	539,610	442,536
Extracurricular activities	863,236	654,588	687,358	723,579
General administration	-	-	-	116,184
Plant maintenance and operations	357,017	368,695	278,040	307,365
Community services	1,085	478	795	-
Other activities	434,734	284,340	287,919	100,220
Operating grants and contributions	41,902,146	56,859,768	58,096,957	78,498,084
Total governmental activities	47,649,335	61,993,569	63,149,857	83,563,650
TOTAL PROGRAM REVENUES	\$ 47,649,335	\$ 61,993,569	\$ 63,149,857	\$ 83,563,650
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (177,515,495)	\$ (167,053,663)	\$ (153,819,273)	\$ (122,450,168)
TOTAL NET (EXPENSE)/REVENUE	\$ (177,515,495)	\$ (167,053,663)	\$ (153,819,273)	\$ (122,450,168)

Table 2
(Page 1 of 2)

2021	2020	2019	2018	2017	2016
\$ 108,588,615	\$ 105,111,083	\$ 97,204,175	\$ 63,778,397	\$ 92,410,667	\$ 88,611,062
1,192,490	1,230,515	1,145,653	951,999	1,121,495	1,196,338
9,121,131	10,385,500	8,191,863	4,118,181	8,340,412	7,509,106
5,332,555	5,641,079	5,279,944	2,420,981	4,335,621	4,392,247
10,695,652	11,178,027	10,762,453	6,657,882	9,845,156	9,978,219
7,496,360	6,903,962	5,935,365	3,202,513	5,574,333	5,144,364
1,100,337	1,183,436	1,176,663	700,617	941,636	1,417,893
1,805,296	1,532,816	1,289,858	825,391	1,177,356	1,216,958
3,200,450	3,155,808	3,164,818	3,177,773	2,956,595	2,860,485
8,374,591	11,404,285	11,095,518	8,678,763	10,769,354	10,492,347
5,788,669	6,059,245	5,693,948	4,374,793	5,449,388	5,051,637
5,920,000	5,671,606	4,935,156	3,738,000	5,232,469	4,984,938
18,505,551	17,657,184	15,921,753	15,301,105	18,573,874	18,452,585
3,027,839	2,316,628	2,550,677	1,875,149	2,095,530	2,222,486
3,507,680	4,561,909	4,025,862	2,548,797	2,981,430	3,045,119
1,794,330	1,669,506	1,883,438	1,037,951	1,306,982	1,152,542
5,157,532	6,297,691	6,525,159	6,709,165	6,927,718	6,474,116
1,038,026	15,812	5,650	6,700	6,700	514,954
15,522	-	116,177	1,145	-	-
330,000	423,945	749,055	556,613	522,174	520,899
298,918	646,950	514,035	456,901	558,366	410,518
8,207,338	8,000,245	7,850,239	6,968,873	5,616,835	4,214,674
704,473	755,302	839,620	832,723	711,202	701,349
211,203,355	211,802,534	196,857,079	138,920,412	187,455,293	180,564,836
\$ 211,203,355	\$ 211,802,534	\$ 196,857,079	\$ 138,920,412	\$ 187,455,293	\$ 180,564,836
\$ 2,929,340	\$ 2,863,604	\$ 2,942,550	\$ 2,616,206	\$ 2,245,294	\$ 1,719,516
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
225,868	350,362	568,314	632,980	734,826	688,102
390,690	508,589	813,046	1,054,949	960,344	992,762
102,989	86,763	190,180	216,287	-	-
441,653	320,540	365,233	389,512	388,975	366,705
-	103,496	164,712	146,170	139,676	110,757
1,001,176	1,018,627	792,380	651,011	1,232,811	788,737
44,556,955	45,063,392	43,276,111	9,980,612	40,212,598	41,546,587
49,648,671	50,315,373	49,112,526	15,687,727	45,914,524	46,213,166
\$ 49,648,671	\$ 50,315,373	\$ 49,112,526	\$ 15,687,727	\$ 45,914,524	\$ 46,213,166
\$ (161,554,684)	\$ (161,487,161)	\$ (147,744,553)	\$ (123,232,685)	\$ (141,540,769)	\$ (134,351,670)
\$ (161,554,684)	\$ (161,487,161)	\$ (147,744,553)	\$ (123,232,685)	\$ (141,540,769)	\$ (134,351,670)

Waco Independent School District

Changes in Net Position

Last Ten Fiscal Years

(Unaudited)

	2025	2024	2023	2022
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Property taxes, levied for general purpose	\$ 65,308,865	\$ 64,942,568	\$ 78,929,807	\$ 69,695,140
Property taxes, levied for debt service	24,094,379	22,135,234	24,958,189	14,983,637
Grants and contributions not restricted to specific programs	80,624,322	80,937,302	60,299,553	67,479,128
Unrestricted investment earnings	7,359,415	11,473,894	14,785,236	1,085,024
Miscellaneous	655,301	1,108,061	1,664,020	1,078,051
Gain (loss) on disposals of capital assets	-	86,955	-	-
Transfers in/out	-	-	-	-
Total governmental activities	178,042,282	180,684,014	180,636,805	154,320,980
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	\$ 178,042,282	\$ 180,684,014	\$ 180,636,805	\$ 154,320,980
PRIMARY GOVERNMENT CHANGE IN NET POSITION				
Governmental activities	\$ 526,787	\$ 13,630,351	\$ 26,817,532	\$ 31,870,812
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 526,787	\$ 13,630,351	\$ 26,817,532	\$ 31,870,812

Source: District Financial Statements

¹ The District adopted Governmental Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's proportionate share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

² The District adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's proportionate share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf revenues and expenses in the amount of \$29.5 million within the operating grants and contributions and \$43.7 million in functional expense categories. Prior periods have not been restated.

³ The District adopted Governmental Accounting Standards Board Statement No. 87 for the year ended August 31, 2022, requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract.

Table 2
(Page 2 of 2)

2021	2020	2019	2018	2017	2016
\$ 70,822,072	\$ 67,873,571	\$ 69,781,667	\$ 64,060,469	\$ 58,783,113	\$ 52,444,091
15,269,209	14,883,194	13,941,068	13,139,700	11,592,463	10,329,819
80,387,751	76,390,346	65,405,082	64,950,166	68,772,790	70,471,901
173,600	995,027	1,633,709	1,072,854	524,447	244,394
1,964,052	911,362	883,453	828,848	768,018	708,154
-	(163,174)	13,516	33,013	45,093	53,885
-	-	-	-	-	-
168,616,684	160,890,326	151,658,495	144,085,050	140,485,924	134,252,244
<u>\$ 168,616,684</u>	<u>\$ 160,890,326</u>	<u>\$ 151,658,495</u>	<u>\$ 144,085,050</u>	<u>\$ 140,485,924</u>	<u>\$ 134,252,244</u>
\$ 7,062,000	\$ (596,835)	\$ 3,913,942	\$ 20,852,365	\$ (1,054,845)	\$ (99,426)
<u>\$ 7,062,000</u>	<u>\$ (596,835)</u>	<u>\$ 3,913,942</u>	<u>\$ 20,852,365</u>	<u>\$ (1,054,845)</u>	<u>\$ (99,426)</u>

Waco Independent School District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022
GENERAL FUND				
Nonspendable	\$ 312,432	\$ 497,141	\$ 316,156	\$ 398,044
Committed	2,188,899	3,753,337	5,671,337	6,688,198
Assigned	-	-	-	-
Restricted	-	-	2,345,002	2,457,009
Unassigned	63,867,184	60,897,793	49,662,869	45,710,678
TOTAL GENERAL FUND	\$ 66,368,515	\$ 65,148,271	\$ 57,995,364	\$ 55,253,929
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Capital projects	29,616,469	111,211,754	248,090,003	201,458,495
Federal and state programs	8,230,911	7,704,506	5,873,953	5,676,286
Debt service	5,622,985	3,964,079	5,075,473	4,006,234
Assigned	-	-	-	-
Committed	674,802	707,102	657,552	657,019
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 44,145,167	\$ 123,587,441	\$ 259,696,981	\$ 211,798,034

Source: District Financial Statements

Table 3

2021	2020	2019	2018	2017	2016
\$ 394,866	\$ 1,179,204	\$ 412,344	\$ 680,007	\$ 684,300	\$ 196,803
15,712,366	3,369,656	3,002,885	1,273,469	3,487,432	5,448,732
-	-	-	299,723	1,485,130	1,235,550
1,751,786	2,123,100	1,110,137	-	-	-
35,684,217	46,008,487	44,712,941	41,768,477	39,165,626	39,036,156
<u>\$ 53,543,235</u>	<u>\$ 52,680,447</u>	<u>\$ 49,238,307</u>	<u>\$ 44,021,676</u>	<u>\$ 44,822,488</u>	<u>\$ 45,917,241</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,566	-	443,939	845,439	1,243,250
4,698,491	3,092,933	3,822,443	2,806,177	2,251,264	1,728,453
4,866,235	3,990,782	4,057,107	3,911,753	4,653,605	4,646,144
-	-	-	-	-	-
639,096	672,580	642,837	639,941	548,488	456,582
(1,457,770)	-	-	-	-	-
<u>\$ 8,746,052</u>	<u>\$ 7,757,861</u>	<u>\$ 8,522,387</u>	<u>\$ 7,801,810</u>	<u>\$ 8,298,796</u>	<u>\$ 8,074,429</u>

Waco Independent School District
Changes In Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022
REVENUES				
Local and intermediate sources	\$ 104,916,250	\$ 109,759,967	\$ 125,553,413	\$ 118,523,512
State program revenues	91,869,516	92,346,323	66,126,772	82,262,498
Federal program revenues	36,201,807	47,734,214	56,930,003	47,557,777
Total revenues	232,987,573	249,840,504	248,610,188	248,343,787
EXPENDITURES				
Current:				
Instruction	106,005,674	108,639,055	107,197,914	105,559,684
Instructional resources and media services	2,057,154	2,238,330	4,060,203	3,158,923
Curriculum and instructional staff development	8,273,159	9,187,758	9,789,218	9,702,750
Instructional leadership	4,262,561	5,111,276	5,017,061	4,512,662
School leadership	10,912,115	11,234,718	11,246,150	10,700,636
Guidance, counseling, and evaluation services	8,888,437	8,829,638	8,651,130	7,716,404
Social work services	621,231	1,018,007	1,179,058	1,031,676
Health services	1,716,095	1,604,496	1,609,464	1,506,672
Student transportation services	4,678,704	3,806,491	3,017,195	2,612,824
Food services	12,137,325	10,043,990	11,520,979	10,765,365
Extracurricular activities	6,902,164	6,583,592	6,719,019	6,115,262
General administration	6,165,551	6,836,198	6,746,414	6,235,983
Plant maintenance and operations	21,245,656	20,109,123	22,266,376	17,871,072
Security and monitoring services	5,847,645	4,540,433	3,586,235	2,626,563
Data processing services	5,870,179	3,497,111	4,153,617	3,543,422
Community services	1,272,490	1,795,213	1,975,077	1,924,439
Debt service:				
Principal on long-term debt	5,780,783	9,278,170	9,896,937	12,182,422
Interest on long-term debt	20,723,923	17,184,394	15,635,983	4,219,199
Issuance cost and fees	5,350	98,274	1,378,374	20,900
Capital outlay:				
Facilities acquisition and construction	76,229,034	145,945,292	118,036,117	23,470,081
Intergovernmental:				
Payments to fiscal agent/member district SSA	411,851	374,951	381,097	358,512
Payments to Juvenile Justice Alternative Education Program	703,014	527,375	601,613	601,643
Payments to tax increment zone	105,344	133,786	2,454	8,124,222
Other intergovernmental charges	861,976	833,438	832,484	721,825
Total expenditures	311,677,415	379,451,109	355,500,169	245,283,141
Excess (deficiency) of revenues over (under) expenditures	(78,689,842)	(129,610,605)	(106,889,981)	3,060,646
OTHER FINANCING SOURCES (USES)				
Bonds issued	\$ -	\$ -	\$ 151,340,000	\$ 189,500,000
Sale of real and personal property	116,783	163,842	137,514	-
Issuance of right-to-use leased and subscription assets	351,029	490,130	1,012,541	-
Transfers in	162,111	357,635	355,803	690,116
Premium on bonds issued	-	-	5,040,305	12,202,030
Other sources	-	-	-	-
Transfers out	(162,111)	(357,635)	(355,803)	(690,116)
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	467,812	653,972	157,530,360	201,702,030
NET CHANGE IN FUND BALANCE	\$ (78,222,030)	\$ (128,956,633)	\$ 50,640,379	\$ 204,762,676
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	11.26%	11.37%	11.33%	7.40%

Source: District Financial Statements

Table 4

2021	2020	2019	2018	2017	2016
\$ 93,298,976	\$ 90,577,649	\$ 93,228,446	\$ 85,458,408	\$ 77,344,586	\$ 69,684,244
89,261,069	86,549,457	74,159,070	72,918,940	78,642,333	80,156,138
33,722,403	28,739,737	29,090,242	27,467,542	28,926,389	29,186,936
216,282,448	205,866,843	196,477,758	185,844,890	184,913,308	179,027,318
101,910,470	94,728,241	88,589,322	85,894,552	86,373,466	80,287,130
977,265	1,026,404	953,943	943,618	930,660	918,932
8,437,370	8,930,368	7,342,447	7,287,411	7,679,307	7,220,416
4,973,273	4,992,117	4,674,887	4,171,826	3,972,383	4,134,042
10,406,135	10,432,418	10,226,382	9,769,100	9,521,555	9,454,571
7,119,784	6,260,709	5,562,522	5,131,429	5,252,786	4,900,067
1,052,397	1,055,654	1,096,478	1,089,475	911,831	1,368,352
1,736,536	1,443,506	1,223,843	1,160,302	1,135,012	1,132,468
3,375,332	2,648,110	3,344,683	4,703,866	3,201,247	2,788,283
7,231,155	10,497,220	10,422,650	10,005,654	9,935,592	9,995,417
4,976,487	5,425,492	4,793,853	5,224,859	5,116,060	4,411,489
5,723,917	5,296,603	4,642,301	4,781,082	5,019,628	4,693,069
18,326,680	17,421,238	15,715,345	17,002,432	18,574,278	18,051,929
3,137,236	2,430,928	2,539,398	2,088,241	2,052,257	2,096,265
3,618,322	4,580,566	3,626,750	2,720,092	2,687,285	3,083,693
1,670,253	1,437,078	1,666,088	1,437,425	1,217,550	1,103,584
8,410,000	7,335,001	7,025,000	4,975,000	6,695,000	7,440,001
5,236,916	7,343,668	6,819,243	8,945,604	7,204,145	7,472,809
1,038,022	15,811	5,650	6,700	6,700	514,954
6,603,021	103,970	316,816	1,035,883	937,327	380,248
330,000	423,945	749,055	556,613	522,174	520,899
295,918	646,950	514,035	456,901	558,366	410,518
8,207,338	8,000,245	7,850,239	6,968,874	5,616,835	4,214,674
704,473	755,302	839,620	832,723	711,202	701,349
215,498,300	203,231,544	190,540,550	187,189,662	185,832,646	177,295,159
784,148	2,635,299	5,937,208	(1,344,772)	(919,338)	1,732,159
\$ 106,740,000	\$ -	\$ -	\$ -	\$ -	\$ 47,120,000
30,000	42,315	-	46,974	48,952	61,135
-	-	-	-	-	-
902,039	655,868	675,612	800,696	1,543,542	1,928,616
17,420,122	-	-	-	-	11,068,981
-	-	-	-	-	-
(902,039)	(655,868)	(675,612)	(800,696)	(1,543,542)	(1,928,616)
(123,123,290)	-	-	-	-	(57,680,816)
1,066,832	42,315	-	46,974	48,952	569,300
\$ 1,850,980	\$ 2,677,614	\$ 5,937,208	\$ (1,297,798)	\$ (870,386)	\$ 2,301,459
7.00%	7.20%	7.30%	7.50%	7.50%	8.70%

Waco Independent School District
Governmental Funds Revenue by Source
Last Ten Fiscal Years
(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
LOCAL SOURCES				
Property tax	\$ 88,750,336	\$ 84,553,500	\$ 102,393,635	\$ 87,945,664
Other	16,165,914	25,206,467	23,159,778	30,577,848
State sources	91,869,516	92,346,323	66,126,772	82,262,498
Federal sources	36,201,807	47,734,214	56,930,003	47,557,777
TOTAL GENERAL FUND	<u>\$ 232,987,573</u>	<u>\$ 249,840,504</u>	<u>\$ 248,610,188</u>	<u>\$ 248,343,787</u>

Table 5

2021		2020		2019		2018		2017		2016	
\$	85,608,839	\$	82,983,635	\$	84,180,419	\$	77,206,627	\$	69,736,942	\$	63,526,571
	7,690,137		7,594,014		9,048,027		8,251,781		7,607,644		6,157,673
	89,261,069		86,549,457		74,159,070		72,918,940		78,642,333		80,156,138
	33,722,403		28,739,737		29,090,242		27,467,542		28,926,389		29,186,936
\$	216,282,448	\$	205,866,843	\$	196,477,758	\$	185,844,890	\$	184,913,308	\$	179,027,318

Waco Independent School District

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended August 31	Actual/Market Value					
	Residential Property	Vacant Platted Land Tracts	Qualified Open-space Land & Improvements	Commercial, Industrial & Manufacturing	Utilities, Railroads, Pipelines, & Cable	Personal Property
2025	\$ 7,038,476,363	\$ 251,173,095	\$ 86,881,950	\$ 2,963,080,425	\$ 247,923,489	\$ 876,357,982
2024	6,949,598,099	221,912,855	95,848,455	2,969,573,810	226,579,579	962,942,820
2023	6,335,833,320	263,228,322	60,513,813	2,551,172,043	208,069,883	831,766,520
2022	5,040,923,149	164,134,112	51,853,600	2,166,807,565	185,775,038	710,997,150
2021	4,504,359,823	169,497,345	50,999,638	2,136,866,923	172,917,778	785,588,400
2020	4,179,199,031	156,206,452	49,223,644	1,894,082,174	165,747,052	827,902,260
2019	3,893,676,470	149,909,142	47,818,618	1,823,726,871	154,582,202	770,041,640
2018	3,401,296,575	134,228,013	40,646,325	1,662,661,169	143,541,492	721,815,030
2017	3,080,621,154	148,176,520	43,498,360	1,709,233,080	136,569,492	722,963,570
2016	2,840,220,101	144,596,547	40,626,655	1,522,462,218	138,778,572	674,117,320

Source: McLennan County (Texas) Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority. Actual value equals appraised value. Actual value less productivity losses, homestead cap, and exemptions equals taxable assessed value.

(1) Tax Rates are per \$100 of assessed value.

Table 6

Actual/Market Value						
Special Inventory	Totally Exempt Property	Total Actual/Market Value	Exemptions and Cap Adjustments	Total Taxable Assessed Value	Tax Rates (1)	
\$ 56,574,640	\$ 2,804,264,540	\$ 14,324,732,484	\$ 5,087,720,347	\$ 9,237,012,137	1.048940	
56,206,780	2,819,779,685	14,302,442,083	5,110,527,394	9,191,914,689	1.028587	
52,575,690	2,416,293,663	12,719,453,254	3,881,232,168	8,838,221,086	1.241869	
42,038,530	2,252,635,339	10,615,164,483	3,058,012,790	7,557,151,693	1.244640	
41,041,280	2,202,072,357	10,063,343,544	2,946,667,603	7,116,675,941	1.263950	
36,746,270	2,179,434,219	9,488,541,102	2,918,766,647	6,569,774,455	1.302450	
32,387,860	2,087,740,084	8,959,882,887	2,859,355,966	6,100,526,921	1.404080	
31,985,440	1,962,138,163	8,098,312,207	2,642,322,364	5,455,989,843	1.410000	
31,488,290	1,923,755,086	7,796,305,552	2,544,844,885	5,251,460,667	1.400000	
33,033,690	1,628,077,631	7,021,912,734	2,257,255,955	4,764,656,779	1.400000	

Waco Independent School District

Property Tax Rates – Direct and Overlapping Governments

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

(Unaudited)

Taxing Authority	2025	2024	2023	2022
SCHOOL DISTRICT				
Maintenance & Operations	\$ 0.766400	\$ 0.766400	\$ 0.942900	\$ 1.024400
Debt Service	0.282540	0.262187	0.298969	0.220240
Waco ISD Total	1.048940	1.028587	1.241869	1.244640
COUNTY				
McLennan	0.319805	0.329805	0.376355	0.425000
McLennan Community College	0.131974	0.128509	0.139074	0.149782
CITY				
Waco	0.755000	0.755000	0.760000	0.767282
Woodway	0.357865	0.373701	0.417174	0.470000
Hewitt	0.539082	0.546736	0.540102	0.540102
Beverly Hills	0.450577	0.466020	0.485415	0.485415
Waco Public Improvement District	0.100000	0.000000	0.100000	1.000000

Source: McLennan County Tax Office Truth in Taxation Summary

Rates are per \$100 of Assessed Valuation

Table 7

2021		2020		2019		2018		2017		2016	
\$	1.039800	\$	1.068350	\$	1.170000	\$	1.170000	\$	1.170000	\$	1.170000
	0.224150		0.234100		0.234080		0.240000		0.230000		0.230000
	1.263950		1.302450		1.404080		1.410000		1.400000		1.400000
	0.468719		0.485293		0.485293		0.505293		0.525293		0.535293
	0.149782		0.147696		0.147696		0.150346		0.148898		0.149724
	0.776232		0.776232		0.776232		0.776232		0.776232		0.776232
	0.500000		0.450000		0.450000		0.470000		0.470000		0.470000
	0.547838		0.539677		0.539677		0.539677		0.539677		0.539677
	0.473550		0.467077		0.484596		0.490145		0.490145		0.490145
	0.100000		1.000000		1.000000		1.000000		0.100000		1.000000

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Waco Independent School District

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

Table 8

Property Taxpayer	2025			2016		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
ONCOR Electric Delivery Co LLC	\$ 93,272,995	1	1.01%	\$ 44,437,676	2	0.93%
ATMOS Energy/Mid-Tex Distribution	88,472,160	2	0.96%	24,678,721	7	0.52%
Tractor Supply	78,590,091	3	0.85%	24,300,000	8	0.51%
KRG Waco Central LLC	66,550,000	4	0.72%	-	n/a	0.00%
Plato TX III Propco LP	48,000,000	5	0.52%	-	n/a	0.00%
Madison Loft LLC	44,000,000	6	0.48%	-	n/a	0.00%
Cottonwood Apt LLC	42,000,000	7	0.45%	-	n/a	0.00%
CD/Park7 Waco Owner LP	41,000,000	8	0.44%	-	n/a	0.00%
Northland Legend LLC	41,000,000	9	0.44%	-	n/a	0.00%
Magnolia RE LLC	38,843,690	10	0.42%	-	n/a	0.00%
Owens-Brockway Glass Container Inc	-	n/a	0.00%	31,779,853	4	0.67%
Inland Western Waco Central, L.P.	-	n/a	0.00%	53,760,400	1	1.13%
CBL/Richland Mall LP	-	n/a	0.00%	42,291,560	3	0.89%
Wal-Mart Stores East LP	-	n/a	0.00%	25,358,520	5	0.53%
Seavest Inc	-	n/a	0.00%	25,339,270	6	0.53%
HEB Grocery Company LP	-	n/a	0.00%	22,136,659	9	0.46%
Texas Farm Bureau Business Corporation	-	n/a	0.00%	21,630,550	10	0.45%
TOTAL	\$ 581,728,936		6.30%	\$ 315,713,209		6.63%

1 Taxable assessed value equals actual/appraised value after exemptions.

2 Total assessed value equals: 9,237,012,136

3 Total assessed value equals: 4,764,656,779

Source: McLennan County Tax Office Certified Roll reports

Waco Independent School District

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended August 31,	Total Levy Amount Before Levy Loss, Late AG Penalty & Rendition Penalty	Levy Loss, Late AG Penalty & Rendition Penalty	Tax Office Adjustment	Taxes Levied for the Fiscal Year
2025	\$ 91,481,412	\$ (1,356,074)	\$ -	\$ 90,125,338
2024	92,233,940	(5,674,833)	-	86,559,107
2023	103,375,936	(1,127,963)	-	102,247,973
2022	88,756,641	(3,107,145)	-	85,649,496
2021	89,694,811	(3,921,630)	-	85,773,181
2020	85,568,026	(3,878,891)	-	81,689,135
2019	85,656,279	(3,904,054)	-	81,752,225
2018	76,929,316	(3,299,038)	(20,079)	73,630,278
2017	73,520,449	(2,771,977)	-	70,748,472
2016	66,705,195	(2,293,604)	-	64,411,591

Table 9

Collected within the Fiscal Year of the Levy			Total Collections to Date		
Amount		Percentage of Net Tax Levy	Collections in Subsequent Years		Percent of Total Tax Collections To Net Tax Levy
\$	88,476,683	98.17%	\$	273,132	\$ 88,749,815 98.47%
	85,106,024	98.32%		-	85,106,024 98.32%
	101,763,018	99.53%		(258,775)	101,504,243 99.34%
	87,582,185	102.26%		351,661	87,933,846 99.64%
	84,416,904	98.42%		172,363	84,589,267 99.81%
	81,947,736	100.32%		1,009,003	82,956,739 101.58%
	83,362,598	101.97%		910,633	84,273,231 94.44%
	76,596,826	104.03%		664,105	77,260,931 95.67%
	69,209,687	97.82%		481,432	69,691,119 88.13%
	62,798,654	97.50%		489,168	63,287,822 88.67%

Waco Independent School District

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

Table 10

Fiscal Year Ended August 31,	Governmental Activities				Total Outstanding Debt	Ratio of Debt to Taxable Assessed Value (2)	Net Debt Per Student (3)
	General Obligation Bonds (1)	Maintenance Tax Notes	Lease Revenue Bonds	Right-to-use Leases and Subscriptions Payable			
2025	\$ 467,448,341	\$ -	\$ -	\$ 1,292,648	\$ 468,740,989	5.07%	\$ 35,043
2024	478,701,139	-	-	1,511,386	480,212,525	5.20%	35,527
2023	488,847,865	-	-	1,554,430	490,402,295	5.56%	36,339
2022	343,378,287	-	-	1,188,825	344,567,112	4.56%	24,450
2021	155,274,348	-	-	-	155,274,348	2.18%	10,762
2020	158,445,378	-	-	-	158,445,378	2.41%	9,492
2019	167,357,623	-	345,000	-	167,702,623	2.75%	10,037
2018	175,222,345	-	670,000	-	175,892,345	3.22%	10,331
2017	183,001,730	-	980,000	-	183,981,730	3.50%	12,310
2016	190,557,149	-	1,270,000	-	191,827,149	4.03%	12,807

Source: District's Notes to the Financial Statements

¹ Details regarding the District's outstanding debt, net of premiums, discounts, and adjustments can be found in the Notes to the Financial Statements.

² See Assessed Value and Estimated Actual Value of Taxable Property

³ See Operating Statistics Table for student enrollment data

Waco Independent School District

Table 11

Ratios of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended August 31,	General Obligation Bonds	Less Amounts Available in Debt Service Fund (1)	Net General Bonded Debt	Ratio of Debt to Taxable Assessed Value (2)	Net Bonded Debt per Student (3)
2025	\$ 444,040,000	\$ 5,622,985	\$ 438,417,015	9.32%	\$ 32,776
2024	449,280,000	3,964,079	445,315,921	4.86%	32,945
2023	453,665,000	5,075,473	448,589,527	5.13%	33,555
2022	310,660,000	4,006,234	306,653,766	4.06%	21,254
2021	133,030,000	4,866,235	128,163,765	1.80%	8,883
2020	141,440,000	3,990,782	137,449,218	2.09%	9,225
2019	148,430,000	4,057,107	144,372,893	2.37%	9,689
2018	155,130,000	3,911,753	151,218,247	2.77%	10,202
2017	183,001,730	4,653,605	178,348,125	3.40%	11,826
2016	190,557,149	4,646,144	185,911,005	3.90%	12,439

Source: District's Notes to the Financial Statements

¹ These are the resources restricted for the principal payments of general obligation debt

² See Assessed Value and Estimated Actual Value of Taxable Property schedule

³ See Operating Statistics Table for student enrollment data

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Waco Independent School District

Direct and Overlapping Governmental Activities Debt
August 31, 2025
(Unaudited)

Table 12

Taxing Authority	Gross Debt Amount	Outstanding As of	Percent Overlapping (1)	Share of Debt
OVERLAPPING				
McLennan County	\$ 108,375,000	8/31/2025	34.31%	\$ 37,183,463
McLennan Community College	34,020,000	8/31/2025	34.31%	11,672,262
City of Robinson	76,225,000	8/31/2025	4.86%	3,704,535
City of Waco	1,045,735,000	8/31/2025	58.63%	613,114,431
City of Woodway	25,740,000	8/31/2025	7.71%	1,984,554
Subtotal, Overlapping Debt				667,659,245
DIRECT				
Waco Independent School District	-		100.00%	444,040,000
TOTAL DIRECT AND OVERLAPPING DEBT				\$ 1,111,699,245
TOTAL DIRECT AND OVERLAPPING DEBT % OF ASSESSED VALUE (TABLE 6)				12.04%
TOTAL DIRECT AND OVERLAPPING DEBT % PER CAPITA (TABLE 13 COUNTY POPULATION)				\$ 10,655

Source: Municipal Advisory of Texas (Texas MAC), Estimated Overlapping Debt Statement, as of August 31, 2025

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Waco Independent School District
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	McLennan County Estimated Population (1)	City of Waco Estimated Population (1)	District Estimated Population (2)	Median Household Income (3)
2025 (5)	-	-	-	-
2024	270,358	146,608	111,769	68,446
2023	268,583	144,816	108,440	\$ 63,553
2022	266,836	143,984	111,042	64,320
2021	263,115	138,956	109,495	53,723
2020	260,579	138,486	113,627	40,190
2019	256,623	139,236	112,268	51,078
2018	248,429	133,964	111,836	48,713
2017	245,720	131,996	109,920	47,267
2016	243,394	130,659	108,460	46,860

(1) Source: Waco Chamber of Commerce, Texas Comptroller of Public Accounts, and U.S. Census Bureau

(2) Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE)

(3) Source: U.S. Census Bureau, Selected Economic Characteristics

(4) Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

(5) With the exception of the unemployment rate, information for 2025 is not yet available

Table 13

	Per Capita Income (3)	Unemployment Rate (4)
	-	4.4%
	35,870	4.2%
\$	27,463	3.7%
	32,119	3.4%
	31,204	4.9%
	22,461	6.2%
	22,461	3.5%
	24,166	3.7%
	25,266	4.3%
	24,968	4.2%

Waco Independent School District
Principal Employers
Current and Nine Years Ago
(Unaudited)

Table 14

Employers*	Type of Business	2025			2016		
		Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Baylor University	Higher Education	5,698	1	4.66%	2,746	1	2.52%
Ascension Providence	Healthcare	2,518	2	2.06%	2,311	2	2.12%
Waco Independent School District	Public Education	2,373	3	1.94%	2,290	3	2.10%
Baylor Scott & White Medical Center - Hillcrest	Healthcare	2,283	4	1.87%	1,970	4	1.81%
H-E-B Stores	Retail	2,000	5	1.64%	1,500	7	1.37%
City of Waco	Local Government	1,522	6	1.24%	1,593	6	1.46%
Midway Independent School District	Public Education	1,302	7	1.07%	1,008	10	0.92%
Sanderson Farms	Manufacturing	1,200	8	0.98%	1,041	8	0.95%
Wal-Mart Stores	Retail	1,174	9	0.96%	1,015	9	0.93%
McLennan County	Local Government	1,088	10	0.89%			
L3 Technologies	Aerospace			n/a	1,850	5	1.70%
		21,158		17.31%	17,324		15.88%
McLennan County:							
(1) Total Employment for 2025:		122,251					
(2) Total Employment for 2016:		109,101					

Source: Bureau of Labor Statistics, Waco Economic Development, Waco Chamber of Commerce, City of Waco, McLennan County, and the Texas Education Agency

Waco Independent School District
Full-Time Equivalent District Employees by Position
Last Ten Fiscal Years
(Unaudited)

Table 15

Position	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Professional Staff:										
Teachers	932.4	985.8	997.1	1,011.1	1,002.7	991.0	982.2	1,000.2	994.9	941.8
Professional Support:										
Counselor	32.5	37.5	41.7	45.9	39.7	41.6	38.9	38.7	38.8	37.3
Educational Diagnostician	22.0	18.0	15.0	12.5	10.0	6.8	5.4	9.6	9.0	9.1
Librarian	14.5	15.5	13.8	4.9	3.0	2.1	2.3	3.0	3.0	3.9
Occupational Therapist	0.0	2.0	2.0	1.0	1.0	2.8	2.0	1.8	2.0	2.0
School Nurse	16.0	12.7	10.9	9.0	6.9	7.0	6.8	5.8	18.9	19.9
LSP/Psychologist	6.0	2.0	3.0	4.0	3.0	2.0	1.0	3.0	4.0	4.0
Social Worker	5.5	9.5	8.5	4.0	4.5	4.5	6.4	8.9	8.0	11.0
Speech Therapist/Speech-language Pathologist	20.0	15.4	16.8	15.6	16.0	10.8	9.8	11.8	14.0	11.4
Work-based Learning Site Coordinator	0.0	1.1	0.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Athletic Trainer	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Communications Professional	2.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Security	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
District/Campus Information Technology Professional	11.0	11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Athletics (other than Athletics Director)	2.2	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance (staff serving in a professional/management role)	4.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business Services Professional	7.0	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other District Exempt Professional Auxiliary	66.8	77.0	84.6	77.5	81.5	73.7	72.4	66.9	68.6	64.6
Other Campus Exempt Professional Auxiliary	48.4	54.5	52.0	50.0	41.7	46.8	43.7	42.6	44.7	34.4
Instructional Coach (previously Teacher Facilitator)	29.9	32.5	48.5	61.8	83.8	77.2	85.0	78.2	72.0	71.6
Campus Administration:										
Assistant Principal	32.0	36.1	39.8	42.0	43.7	45.6	48.9	49.0	47.9	47.4
Principal	20.0	21.8	22.0	21.3	25.0	24.8	23.0	23.0	24.0	22.0
Central Administration:										
Assistant/Associate/Deputy Superintendent	6.0	7.0	6.9	5.0	5.0	4.7	2.0	3.0	4.0	4.0
District Instructional Program Director or Executive Director	32.9	35.9	36.0	34.6	17.0	11.4	11.0	11.0	8.0	8.0
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Athletic Director	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Business Manager	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/Human Resources	2.0	3.0	2.8	1.7	4.0	4.0	2.0	2.0	2.0	2.0
Total Professional Staff	1,323.1	1,407.7	1,409.2	1,409.3	1,395.5	1,363.8	1,349.8	1,365.5	1,370.8	1,301.4
Educational Aides	287.5	313.3	308.9	374.2	395.5	409.7	392.9	406.8	392.3	297.7
Auxiliary Staff	510.8	493.3	487.5	518.9	525.3	590.2	567.1	571.3	566.3	571.7
TOTAL EMPLOYEES	2,121.4	2,214.3	2,205.6	2,302.4	2,316.3	2,363.7	2,309.8	2,343.6	2,329.4	2,170.8

Source: District's Public Education Information Management System (PEIMS) Reports, Fall submission

Waco Independent School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Enrollment (1)	Operating Expenditures (2)	Cost Per Student	Percentage Change	Government-wide Expenses
2025	13,376	\$ 208,938,325	\$ 15,620	2.12%	\$ 225,164,830
2024	13,517	206,749,229	15,295	0.42%	229,047,237
2023	13,824	210,552,755	15,231	-5.55%	216,969,130
2022	14,086	227,159,361	16,127	19.81%	204,891,663
2021	14,428	194,210,341	13,461	6.43%	210,510,225
2020	14,899	188,433,094	12,647	5.81%	211,811,397
2019	14,756	176,373,841	11,953	2.87%	196,728,789
2018*	14,823	172,226,475	11,619	2.48%	138,920,412
2017	15,081	170,989,474	11,338	4.94%	187,455,293
2016	14,946	161,487,147	10,805	7.91%	180,564,836

¹ Source: District's Public Education Information Management System (PEIMS) Reports, Fall submission

² Operating expenditures are total expenditures less debt service and capital outlay from the Statement of Revenues, Expenditures, and Changes in Fund Balances.

³ Source: Government-wide Expenses are total expenses from the Statement of Activities. (In fiscal year 2018, the District implemented GASB No. 75 and related statements recognizing the District's proportional share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf expenses in the amount of \$43.7 million in functional expense categories in the Statement of Activities. Prior periods have not been restated.)

Table 16

	Cost Per Student	Percentage Change	Teaching Staff (FTE) (1)	Student to Teacher Ratio	Percent Economically Disadvantaged (1)
\$	16,833	-0.66%	932	14.35	88.11%
	16,945	7.96%	986	13.71	90.22%
	15,695	7.90%	997	13.87	89.66%
	14,546	-0.31%	900	15.65	88.77%
	14,590	2.63%	1,003	14.38	91.60%
	14,216	6.63%	991	15.03	90.32%
	13,332	42.26%	982	15.03	93.98%
	9,372	-24.60%	1,000	14.82	88.87%
	12,430	2.89%	995	15.16	86.95%
	12,081	9.87%	942	15.87	88.32%

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Waco Independent School District

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

Table 17

Fiscal Year Ended	District			County Average Salary (2)	Region 3 Salary (2)	Statewide Average Salary (2)
	Minimum Salary (1)	Maximum Salary (1)	Average Salary (2)			
2025	\$ -	\$ -	\$ 59,883	\$ 58,471	\$ 60,297	\$ 63,749
2024	52,975	64,975	58,514	57,627	59,456	62,463
2023	51,475	63,625	56,937	56,266	57,668	60,716
2022	50,250	62,450	55,644	55,159	54,829	58,887
2021	49,100	60,350	53,777	53,289	53,672	57,641
2020	49,000	66,600	54,100	53,154	53,292	57,091
2019	46,100	63,200	50,922	49,211	49,440	54,122
2018	45,600	62,200	50,379	48,923	48,988	53,334
2017	45,550	61,600	50,239	48,377	48,560	52,525
2016	45,000	61,500	49,628	47,665	47,829	51,892

(1) Source: District Human Resource records

(2) Source: Texas Education Agency website

Waco Independent School District

School Building Information

Last Ten Fiscal Years

(Unaudited)

Building	2025	2024	2023	2022
ELEMENTARY SCHOOLS				
Alta Vista - 1910				
Square Footage	48,872	48,872	48,872	48,872
Capacity	580	580	580	580
Enrollment	479	528	545	504
Bell's Hill - 2012 (new building)				
Square Footage	115,440	115,440	115,440	115,440
Capacity	1,090	1,090	1,090	1,090
Enrollment*	786	781	760	757
Brook Avenue - 1999				
Square Footage	45,990	45,990	45,990	45,990
Capacity	500	500	500	500
Enrollment	356	373	369	365
Cedar Ridge - 1954				
Square Footage	56,725	56,725	56,725	56,725
Capacity	650	650	650	650
Enrollment	446	450	447	486
Crestview - 1951				
Square Footage	74,813	74,813	74,813	74,813
Capacity	750	750	750	750
Enrollment	464	473	451	448
Dean Highland - 2011 (new building)				
Square Footage	90,775	90,775	90,775	90,775
Capacity	870	870	870	870
Enrollment	617	597	598	662
Hillcrest - 1953				
Square Footage	47,695	47,695	47,695	47,695
Capacity	440	440	440	440
Enrollment	431	433	440	439
J.H.Hines - 2010 (new building)				
Square Footage	79,285	79,285	79,285	79,285
Capacity	720	720	720	720
Enrollment	379	395	406	412
Kendrick - 1952*				
Square Footage	-	-	52,330	52,330
Capacity	-	-	500	500
Enrollment	-	469	482	471
Kendrick - 2025*				
Square Footage	97,283	-	-	-
Capacity	750	-	-	-
Enrollment	446	-	-	-
Lake Air Montessori - 1957				
Square Footage	111,198	111,198	111,198	111,198
Capacity	920	920	920	920
Enrollment	734	711	697	717
Mountainview - 1957				
Square Footage	48,427	48,427	48,427	48,427
Capacity	520	520	520	520
Enrollment	349	349	402	338
Parkdale - 1960				
Square Footage	56,382	56,382	56,382	56,382
Capacity	570	570	570	570
Enrollment	497	520	559	588
Provident Heights - 1999				
Square Footage	45,990	45,990	45,990	45,990
Capacity	520	520	520	520
Enrollment	383	398	372	373

Table 18
(Page 1 of 3)

2021	2020	2019	2018	2017	2016
48,872	48,872	48,872	47,336	47,336	47,336
594	594	594	594	594	594
467	505	502	498	518	559
115,440	115,440	115,440	115,440	115,440	115,440
900	900	900	900	900	900
729	736	775	754	775	787
45,990	45,990	45,990	45,990	45,990	45,990
484	484	484	484	484	484
358	365	371	372	368	375
56,725	56,725	56,725	56,725	56,725	56,725
692	692	692	692	692	692
521	542	554	567	594	607
74,813	74,813	74,813	74,813	74,813	74,813
790	790	790	790	790	790
472	557	536	608	676	767
90,775	90,775	90,775	90,775	90,775	90,775
834	834	834	834	834	834
634	720	727	739	815	793
47,695	47,695	47,695	47,695	47,695	47,695
450	450	450	450	450	450
441	440	441	430	437	422
79,285	79,285	79,285	79,285	79,285	79,285
680	680	680	680	680	680
453	488	516	503	519	552
52,330	52,330	52,330	52,042	52,042	52,042
582	582	582	582	582	582
509	531	501	530	542	529
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
111,198	111,198	111,198	109,662	109,662	109,662
746	746	746	746	746	746
747	786	775	710	682	654
48,427	48,427	48,427	48,427	48,427	48,427
550	550	550	550	550	550
399	400	375	382	421	434
56,382	56,382	56,382	54,846	54,846	54,846
692	692	692	692	692	692
622	673	669	620	629	608
45,990	45,990	45,990	45,990	45,990	45,990
484	484	484	484	484	484
363	376	367	386	419	341

Waco Independent School District
School Building Information- Continued
Last Ten Fiscal Years
(Unaudited)

Building	2025	2024	2023	2022
ELEMENTARY SCHOOLS (Continued)				
South Waco - 1988				
Square Footage	-	65,003	65,003	65,003
Capacity	-	820	820	820
Enrollment	-	477	462	480
South Waco - 2025				
Square Footage	95,398	-	-	-
Capacity	750	-	-	-
Enrollment	490	-	-	-
West Avenue - 2001				
Square Footage	51,429	51,429	51,429	51,429
Capacity	490	490	490	490
Enrollment	249	276	289	305
MIDDLE SCHOOLS				
Cesar Chavez - 2003				
Square Footage	128,525	128,525	128,525	128,525
Capacity	1,060	1,060	1,060	1,060
Enrollment	786	813	840	876
G.W. Carver - 1956 ²				
Square Footage	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	393	444
G.W. Carver - 2023 ²				
Square Footage	184,000	184,000	184,000	-
Capacity	1,060	1,060	1,060	-
Enrollment	723	776	-	-
Indian Spring (A.J. Moore) - 1970 ² *				
Square Footage	139,180	139,180	139,180	139,180
Capacity	930	930	930	930
Enrollment	-	-	404	513
Tennyson - 1960 ³				
Square Footage	-	-	79,774	114,581
Capacity	-	-	790	790
Enrollment	-	947	999	959
Tennyson - 2024 ³				
Square Footage	184,885	184,885	79,774	114,581
Capacity	1,060	1,060	790	790
Enrollment	963	-	999	959
HIGH SCHOOLS				
University - 2011				
Square Footage	355,513	355,513	355,513	355,513
Capacity	2,150	2,150	2,150	2,150
Enrollment	1,752	1,750	1,678	1,672
Waco - 1961 ⁴				
Square Footage	-	313,277	313,277	346,177
Capacity	-	2,480	2,480	2,480
Enrollment	-	1,778	2,011	1,964
Waco - 2025 ⁴				
Square Footage	351,069	-	-	-
Capacity	2,150	-	-	-
Enrollment	1,885	-	-	-

Table 18
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2021	2020	2019	2018	2017	2016
65,003	65,003	65,003	65,003	65,003	65,003
724	724	724	724	724	724
479	542	504	526	523	531
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51,429	51,429	51,429	51,429	51,429	51,429
428	428	428	428	428	428
298	355	338	382	367	353
128,525	128,525	128,525	128,525	128,525	128,525
1,075	1,075	1,075	1,075	1,075	1,075
931	931	865	847	891	859
71,317	106,934	106,934	106,934	106,934	106,934
900	900	900	900	900	900
461	432	488	477	451	460
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
139,180	139,180	139,180	139,180	139,180	139,180
700	700	700	700	700	700
528	558	519	524	583	575
114,581	114,581	114,581	114,581	114,581	114,581
1,250	1,250	1,250	1,250	1,250	1,250
939	920	921	930	947	881
114,581	114,581	114,581	114,581	114,581	114,581
1,250	1,250	1,250	1,250	1,250	1,250
939	920	921	930	947	881
355,513	355,513	355,513	355,513	355,513	355,513
1,920	1,920	1,920	1,920	1,920	1,920
1,763	1,684	1,652	1,735	1,725	1,667
346,177	346,177	346,177	346,177	346,177	346,177
2,165	2,165	2,165	2,165	2,165	2,165
2,122	2,063	2,053	1,971	1,866	1,809
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Waco Independent School District
School Building Information- Continued
Last Ten Fiscal Years
(Unaudited)

Building	2025	2024	2023	2022
ALTERNATIVE SCHOOLS				
Brazos High Credit Recovery - 1950				
Square Footage	59,762	59,762	59,762	59,762
Capacity	370	370	370	370
Enrollment	-	100	86	118
McLennan County Challenge Academy - 1968				
Square Footage	55,061	55,061	55,061	55,061
Capacity	75	75	75	75
Enrollment	52	46	25	38
G.L. Wiley Opportunity Center- 1938				
Square Footage	71,196	71,196	71,196	71,196
Capacity	420	420	420	420
Enrollment	98	77	92	107
CAREER AND TECHNOLOGY SCHOOLS				
Greater Waco Advanced Manufacturing Academy - 1963				
Square Footage	61,096	61,096	61,096	61,096
Capacity	350 - 375	350 - 375	350-375	350-375
Enrollment ¹	290	259	274	265
Greater Waco Advanced Healthcare Academy - 1968				
Square Footage	35,694	35,694	35,694	35,694
Capacity	300 - 325	300 - 325	300-325	300-325
Enrollment ¹	259	255	286	277

Source: District facilities records - Square footage

District Demographic Studies 2016-2017 & 2021-2022 - Capacity

District's Public Education Information Management System (PEIMS) Reports, Fall submission

Program enrollment records for the Greater Waco Advanced Academies, 10th day billings

¹ Program enrollment is not additive to the attending enrollment for the District. These counts are included in the attending enrollments for the high schools and include some number of students from other participating districts.

² G.W. Carver Middle School, constructed in 1956, was destroyed in a fire on July 27, 2021. For the 2021-2022 and 2022-2023 school years, the students were relocated to the Indian Spring Middle School campus. The two student populations were accounted for separately until a new middle school campus was constructed on the site of the old G.W. Carver. At that point, the student populations were combined as one school and moved to the new campus. For the 2023-2024 school year, the Indian Spring Middle School campus was used to house students from Kendrick Elementary School while that campus was being reconstructed.

³ Tennyson Middle School has been reconstructed on site. A portion of the building was demolished during the 2022-2023 school year with the remainder of the building demolished in 2023-2024. Portables were placed on site to house the student population for the 2023-2024 school year and removed upon completion of the new building. The replacement campus is accounted for as construction-in-progress at August 31, 2024, pending final close-out.

⁴ Portions of Waco High School were demolished during the 2022-2023 school year due to construction of a replacement campus. Portable classrooms were placed on site to accommodate the student population for the 2023-2024 and 2024-2025 school years. The replacement campus is accounted for as construction-in-progress at August 31, 2025.

⁵ The Kendrick Elementary School building, constructed in 1952 was demolished during the 2023-2024 school year to accommodate construction in progress of a new campus. Students were relocated to the vacant Indian Spring campus for the spring semester of 2023-2024 and the 2024-2025 school year. The replacement campus is accounted for as construction-in-progress at August 31, 2025.

Table 18
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2021	2020	2019	2018	2017	2016
59,762	59,762	59,762	59,762	59,762	59,762
240	240	240	240	240	240
162	191	223	223	198	235
55,061	55,061	55,061	55,061	55,061	55,061
75	75	75	75	75	75
13	34	31	22	37	31
71,196	71,196	71,196	71,196	71,196	71,196
75	75	75	75	75	75
17	69	53	67	71	117
61,096	61,096	61,096	61,096	61,096	61,096
350-375	350-375	350-375	350-375	350-375	350-375
314	273	187	204	170	150
35,694	35,694	35,694	35,694	35,694	35,694
300-325	300-325	300-325	300-325	300-325	300-325
393	317	215	170	200	75

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Overall Compliance, Internal Control Section and Federal Awards

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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**

The Board of Trustees of
Waco Independent School District
Waco, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waco Independent School District (the District) as of and for the year ended August 31, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas
January 13, 2026

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

The Board of Trustees of
Waco Independent School District
Waco, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

The Board of Trustees of
Waco Independent School District

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas
January 13, 2026

Waco Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2025

Section 1. Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued Unmodified
2. Internal Control over Financial Reporting:
 - a. Material Weakness(es) identified? No
 - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? None reported
3. Noncompliance material to the financial statements noted? No

Federal Awards

4. Internal control over major programs:
 - a. Material Weakness(es) identified? No
 - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? None reported
5. Type of auditor's report issued on compliance with major programs? Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? No
7. Identification of Major Programs ESEA Title I, Part A – 84.010
ESEA Title II, Part A – 84.367
Special Education Cluster – 84.027, 84.173
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs \$1,008,455
9. Auditee Qualified as a Low-Risk Auditee? Yes

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Waco Independent School District
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2025

Prior Year Findings

None reported

Waco Independent School District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025

Exhibit K-1

(1) Federal Grantor/ Pass Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	26610101161914	\$ 570,205
ESEA Title I, Part A - Improving Basic Programs	84.010A	25610101161914	6,996,588
ESEA Title I, Part A - Improving Basic Programs	84.010A	24610101161914	224,875
ESEA Title I 1003(A) Priority & Focus School Grant	84.010A	24610141161914	144,739
ESEA Title I, 1003 ESF Focused Support Grant	84.010A	25610139161914	18,770
ESEA Title I, 1003 ESF Focused Support Grant	84.010A	246101397110110	591,736
Total Assistance Listing Number 84.010A			8,546,913
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	266600011619146600	356,854
IDEA - Part B Formula	84.027A	256600011619146600	3,058,556
IDEA - Part B Formula	84.027A	246600011619146600	107,649
SSA-IDEA-Part B-Discretionary (Deaf)	84.027A	256600111619146673	827
Total Assistance Listing Number 84.027			3,523,886
IDEA - Part B Preschool	84.173A	266610011619146610	4,294
IDEA - Part B Preschool	84.173A	256610011619146610	39,524
IDEA - Part B Preschool	84.173A	246610011619146610	39
Total Assistance Listing Number 84.173			43,857
Total Special Education Cluster (IDEA)			3,567,743
Career and Technical - Basic Grant	84.048A	26420006161914	42,986
Career and Technical - Basic Grant	84.048A	25420006161914	229,717
Total Assistance Listing Number 84.048A			272,703
ESEA Title X, Part C McKinney-Vento Homeless Education	84.196A	254600057110082	85,136
ESEA Title X, Part C McKinney-Vento Homeless Education	84.196A	244600057110082	16,592
Total Program 84.196A			101,728
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	26671001161914	16,806
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	25671001161914	239,144
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	25671003161914	13,480
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	24671003161914	15,693
Total Assistance Listing Number 84.365A			285,123
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	26694501161914	40,752
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	25694501161914	1,044,136
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	24694501161914	49,665
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501161914	(26)
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	21694501161914	(523)
Principal Residency Grant Cycle 7	84.367A	256945677110014	162,488
Principal Residency Grant Cycle 7	84.367A	246945677110014	297,378
Total Assistance Listing Number 84.367A			1,593,870
ESEA Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	26680101161914	19,190
ESEA Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	25680101161914	669,536
ESEA Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	24680101161914	19,509
Total Assistance Listing Number 84.424A			708,235
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	215330017110082	6,761,012
COVID-19 Elementary and Secondary School Emergency Relief III - TCLAS High Quality Afterschool Care	84.425U	215280587110161	64,389
Total Assistance Listing Number 84.425U			6,825,401
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth (ARP-HCY)	84.425W	21528001161914	369
COVID-19 American Rescue Plan (ARP) Act-Homeless II-Education for Homeless Children and Youth Program	84.425W	21533002161914	16,922
Total Assistance Listing Number 84.425W			17,291
Total Assistance Listing Number 84.425			6,842,692
Summer School LEP	84.369A	69551402	9,613
TOTAL U.S. DEPARTMENT OF EDUCATION			21,928,620

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Waco Independent School District
Schedule of Expenditures of Federal Awards - Continued
For the Year Ended August 31, 2025

Exhibit K-1

(1) Federal Grantor/ Pass Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance:			
School Breakfast Program	10.553	714020	2,409,159
Total Assistance Listing Number 10.553			2,409,159
Passed Through State Department of Education - Cash Assistance:			
National School Lunch Program	10.555	713020	7,315,124
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	806780706	706,255
Total Assistance Listing Number 10.555			8,021,379
Passed Through State Department of Agriculture - Cash Assistance:			
Summer Feeding Program	10.559	806780706	301,105
Fresh Fruit and Vegetable Program	10.582	806780706	279,039
Total Child Nutrition Cluster			11,010,682
Passed Through State Department of Agriculture - Cash Assistance:			
Child and Adult Care Food Program (CACFP)	10.558	806780706	429,116
Child and Adult Care Food Program (CACFP) CIL Reimbursement	10.558	806780706	28,211
Total Assistance Listing Number 10.558			457,327
TOTAL U.S. DEPARTMENT OF AGRICULTURE			11,468,009
U.S. DEPARTMENT OF DEFENSE			
Direct Program:			
Payments in Lieu of Real Estate Taxes	12.112	N/A	2,707
TOTAL U.S. DEPARTMENT OF DEFENSE			2,707
TEXAS WORKFORCE COMMISSION			
Passed Through IAC W/TWC:			
P-TECH Success Grant	17.278	243933017110033	76,187
TOTAL TEXAS WORKFORCE COMMISSION			76,187
U.S. DEPARTMENT OF TREASURY			
Direct Program:			
Volunteer Income Tax Assistance Grant (VITA)	21.009	N/A	9,973
TOTAL U.S. DEPARTMENT OF TREASURY			9,973
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission:			
Medicaid Cluster:			
Medicaid Administrative Claiming (MAC)	93.778	HHS000537900141	129,671
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			129,671
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 33,615,167

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Waco Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

Special revenue funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified grant/project period. The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Waco Independent School District (the "District"). The District receives federal awards both directly and indirectly through pass-through entities. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Non-cash commodities and equipment are recorded at their estimated market value at the time of donation. All federal grant funds were accounted for in the special revenue funds except for indirect costs recoveries, Medicaid Administrative Claiming, Student Health and Related Services (SHARS) Program, E-rate, Impact Aid, and Reserve Officer Training Corps (ROTC) reimbursements, and Payments in Lieu of Taxes which are recorded in the general fund. Although recorded as federal revenue in the general fund, certain reimbursements, identified below, do not meet the definition of federal awards for purposes of preparing the schedule of federal awards.

Note 2. De Minimis Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Reconciliation to the Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the annual financial report:

Federal awards per Schedule of Expenditures of Federal Awards	\$ 33,615,167
Student Health and Related Services Program (SHARS)	1,464,942
Universal E-rate	982,961
ROTC	<u>138,737</u>
Total federal program revenues - Exhibit C-2	<u>\$ 36,201,807</u>

Waco Independent School District
Schedule of Required Responses to Selected
School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2025

Exhibit L-1

Data Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
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	\$ -