

**MANOR INDEPENDENT SCHOOL
DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



MANOR INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

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INTRODUCTORY SECTION

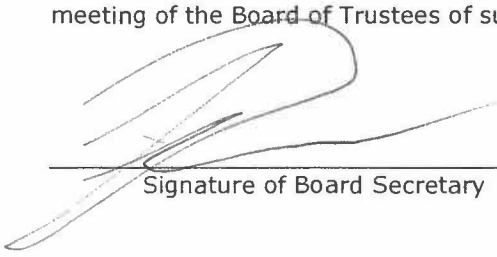
CERTIFICATE OF BOARD

Manor Independent School District
Name of School District

Travis
County

227-907
Co.-Dist.Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 15th day of December 2025.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Manor Independent School District
Manor, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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.

OFFICE LOCATIONS

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining statements, required Texas Education Agency schedules and the 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 combining statements, required Texas Education Agency schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Waco, Texas
December 12, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Manor Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,895,098 (net position). Of this amount, \$49,313,165 represents unrestricted net position (deficit). This deficit in unrestricted net position is due to the District's noncurrent liabilities of \$35,371,022 for the District's portion of the Teacher's Retirement System (TRS) net pension liability and \$22,132,132 for the District's portion of the TRS net other post-employment benefits liability.
- The District's total net position decreased by \$5,263,687 in the current fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$74,776,312, a decrease of \$45,699,643 in comparison with the prior year. The debt service fund balance decreased by \$12,000,845 and the capital projects fund balance decreased by \$15,963,636.
- During the current fiscal year, unassigned fund balance for the general fund decreased by \$17,508,434, to \$12,342,498. Unassigned fund balance at year-end is 10.43% percent of general fund expenditures.
- The District's total bonded debt decreased by \$43,561,079 (7.94%) during the current fiscal year as the result of regular principal payments during the fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Other Facility Costs, and Other Intergovernmental Charges.

Fund financial statements

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

Governmental Funds

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

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

The District maintains individual governmental funds for general, special revenue, debt service, and capital project funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund and the debt service fund, all of which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

Fiduciary Funds

The fiduciary funds are used to account for resources held for the benefit of students and employees. The District's custodial fund is used to account for resources held in a custodial capacity by the District and consists of funds that are the property of students or others. The fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds, therefore only the general fund is presented as required supplementary information. The Required Supplementary Information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other Information

The combining statements and required Texas Education Agency information are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$37,895,098 at the close of the most recent fiscal year.

A portion of the District's net position, \$42,996,433 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress, and right to use lease assets), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. 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 the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position June 30, 2025 and 2024

	Governmental Activities	
	2025	2024
Current and other assets	\$ 118,851,979	\$ 147,312,600
Capital assets	<u>533,036,177</u>	<u>535,566,890</u>
Total assets	<u>651,888,156</u>	<u>682,879,490</u>
Deferred outflows of resources	<u>23,563,303</u>	<u>29,107,927</u>
Total deferred outflows of resources	<u>23,563,303</u>	<u>29,107,927</u>
Current liabilities	48,069,474	30,453,383
Long-term liabilities	<u>565,553,486</u>	<u>607,055,760</u>
Total liabilities	<u>613,622,960</u>	<u>637,509,143</u>
Deferred inflows of resources	<u>23,933,401</u>	<u>30,489,281</u>
Total deferred inflows of resources	<u>23,933,401</u>	<u>30,489,281</u>
Net position:		
Net investment in capital assets	42,996,433	19,207,869
Restricted	44,211,830	55,964,083
Unrestricted	<u>(49,313,165)</u>	<u>(31,182,959)</u>
Total net position	<u>\$ 37,895,098</u>	<u>\$ 43,988,993</u>

At the end of the current fiscal year, the District reports positive balances in the total net position, which decreased by \$5,263,687 during the current fiscal year. Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amounted to \$49,313,165 at June 30, 2025, an increase in the deficit of \$18,130,206 from the deficit of \$31,182,959 in the prior year.

Comparative Schedule of Changes in Net Position

For the Years Ended June 30, 2025 and 2024

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues:		
Charges for services	\$ 1,759,859	\$ 2,448,345
Operating grants and contributions	22,885,290	28,111,409
Capital grants and contributions	167,430	4,152,480
General revenues:		
Property taxes	122,836,269	116,945,084
State aid - formula grants	9,405,539	11,889,454
Investment earnings	3,493,971	4,912,584
Miscellaneous	<u>698,304</u>	<u>182,218</u>
Total revenues	<u>161,246,662</u>	<u>168,641,574</u>
EXPENSES		
Instruction	75,256,368	71,319,026
Instructional resources and media services	1,161,781	1,058,889
Curriculum and staff development	1,644,181	1,590,135
Instructional leadership	2,942,037	3,315,675
School leadership	7,165,826	7,655,730
Guidance, counseling, and evaluation services	2,966,668	2,621,699
Social work services	1,190,164	1,798,332
Health services	1,455,473	1,398,124
Student transportation	8,813,322	7,962,630
Food service	10,944,243	10,241,292
Extracurricular activities	6,961,164	5,377,993
General administration	4,450,776	4,384,391
Facilities maintenance and operations	16,274,011	15,116,168
Security and monitoring services	3,788,952	3,156,237
Data processing services	3,039,655	3,780,788
Community services	1,369,677	1,489,706
Interest on long-term debt	16,004,797	18,684,012
Bond issuance cost and fees	296,003	25,380
Other facility costs	-	3,846,256
Payments to Juvenile Justice		
Alternative Education Programs	155,544	946
Other intergovernmental changes	<u>629,707</u>	<u>609,419</u>
Total expenses	<u>166,510,349</u>	<u>165,432,828</u>
CHANGE IN NET POSITION	<u>(5,263,687)</u>	<u>3,208,746</u>
NET POSITION, BEGINNING	<u>43,988,993</u>	<u>40,780,247</u>
CHANGE IN ACCOUNTING PRINCIPLE	<u>(830,208)</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 37,895,098</u>	<u>\$ 43,988,993</u>

Governmental activities decreased the District's net position by \$5,263,687. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, operating grants and contributions, and interest earnings represent 98.47% of total revenues. The remaining 1.53% percent is generated from charges for services and miscellaneous revenues.

The primary functional expense of the District is instruction, which represents 45.20% of total expenses. Food service, interest on long-term debt, school leadership, facilities maintenance and operations, and student transportation represent 6.57% percent, 9.61% percent, 4.30% percent, 9.77% percent, and 5.29% percent, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$74,776,312, a decrease of \$45,699,643 in comparison with the prior year. The decrease in ending governmental fund balances is primarily due to a \$17.8 million decrease in General Fund fund balance.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$12,342,498, which is unassigned. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 10.43% percent of total general fund expenditures. The fund balance of the District's general fund decreased by \$17,508,434 during the current fiscal year. This decrease in fund balance was primarily a planned decrease in fund balance, which maintain instructional levels without any additional local, state or federal funding.

The debt service fund has a total fund balance of \$47,357,161, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of \$12,000,845 was attributable to the increase in debt service payments, without additional property taxes restricted for this purpose.

The capital projects fund has a total fund balance of \$11,753,915, all of which is restricted for capital acquisitions as authorized by the issued bonds. The net decrease in the capital projects fund balance during the current year of \$15,963,636 was attributable to acquisition of capital assets and the cost of ongoing construction in the current year.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees made minimal revisions to the General Fund budget.

The District's actual General Fund balance of \$12,342,498 differs from the General Fund's budgetary fund balance of \$7,844,157. The difference of \$4,498,341 is primarily due to greater than expected receipts from state foundation payments and lower expenditures than expected.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2025, includes land, buildings and improvements, furniture and equipment, and construction in progress. The following table summarizes the investment in capital assets (net of accumulated depreciation) as of June 30, 2025, and 2024.

	2025	2024
Land	\$ 24,141,649	\$ 24,259,965
Building & improvements	613,119,234	431,571,958
Furniture and equipment	40,543,026	35,727,124
Construction in progress	39,391,057	208,345,792
Right to use lease assets	<u>1,128,239</u>	<u>1,128,239</u>
Total	<u>718,323,205</u>	<u>701,033,078</u>
Less accumulated depreciation/amortization for:		
Buildings and improvements	(155,188,765)	(138,449,913)
Furniture and equipment	(29,689,613)	(26,895,229)
Right to use lease assets	<u>(408,650)</u>	<u>(121,046)</u>
Total accumulated depreciation	<u>(185,287,028)</u>	<u>(165,466,188)</u>
	<u>\$ 533,036,177</u>	<u>\$ 535,566,890</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liability Administration

At the end of the current fiscal year, the District had \$505,168,331 in bonded debt outstanding, a decrease of \$43,561,079 over the previous year. The District's bonds were sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "AA-" and from Moody's Investors Service is "A1" for general obligation debt.

	2025	2024
Bonds payable	\$ 461,479,999	\$ 501,474,999
Premium on bonds	43,688,332	47,254,411
Net pension liability	35,371,022	41,062,411
Net OPEB liability	22,132,132	16,259,814
Compensated absences	987,616	-
Arbitrage	1,162,762	-
Leases	<u>731,623</u>	<u>1,004,125</u>
Totals	<u>\$ 565,553,486</u>	<u>\$ 607,055,760</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multiple factors were integrated into the process of budget development by the District's Administration for the 2025-2026 fiscal year that were mainly driven by the previous year fiscal management of the budget to control and reduce the operating deficit and funding provided by the 89th legislative session, during 2025. Those factors included the following:

- Reduce the expenditure budget by -\$18.5 million (-15.5%) to adopt a FY2025-26 balanced budget. This was accomplished by reducing personnel costs by -13.9% and operating costs by -1.6%.
- While the successful passing of the Voter Approved Tax Rate Election (VATRE) occurred during the 2024-25 school year, by increasing the Maintenance and Operations (M&O) tax rate by three (3) cents, it helped close the deficit gap by almost \$4 million in new tax revenues.
- The M&O tax rate for FY2025-26 remained unchanged at \$0.7113.
- Decrease in the values of properties assessed within the district's boundaries by -2.4%, as a result of the increase to the homestead exemption from \$100k to \$140k. Although this reduced property tax revenues by -\$2.6 million, state aid was increased by an equivalent amount.
- Increase HB2 basic student allotment from \$6,160 to \$6,215 and various other weights applied to special program funding, generating approximately \$2.7 million in new state revenue.
- New funding for HB2 mandated salary increases for instructional staff and a 1% increase for all other staff, approximately \$3.6 million.
- Increased District student average daily attendance by 100 or 1.2% over the prior year.

Additionally, the district acquired a short-term maintenance tax note in the amount of \$30 million to meet operating cash flow needs during the months of July through November. During this period, tax revenues are low while operating costs remain constant. The district intends to pay off the note prior to maturity – before June 30, 2026.

The district's long term financial goal is to be solvent and replenish general operating reserves to 90 days or more by year 2028.

Revenue in the adopted FY2025-26 budget is based on the following rates:

- Maintenance and Operation (M&O): \$0.7113
- Interest and Sinking (I&S): \$0.3701
- Total Property Tax Rate: \$1.0814

(Rates are per \$100 of taxable value for each property located within the boundaries of the District.)

For comparative purposes, rates for the prior year were \$0.7113 for M&O and \$0.3701 for I&S resulting in a total property tax rate of \$1.0814.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at Manor Independent School District, 10335 US Hwy 290E Manor, Texas 78653, (512) 278-4000.

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BASIC FINANCIAL STATEMENTS

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MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2025

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 108,981,275
1225	Property taxes receivable, net	3,250,079
1240	Due from other governments	6,428,238
1290	Other receivables	2,153
1300	Inventories, at cost	190,234
	Capital assets:	
1510	Land	24,141,649
1580	Construction in progress	39,391,057
1520	Buildings and improvements, net	457,930,469
1530	Furniture and equipment, net	10,853,413
1559	Right to use assets, net	719,589
1000	Total assets	<u>651,888,156</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred loss on bond refunding	5,269,057
1705	Related to pensions	8,481,715
1706	Related to other post-employment benefits	9,812,531
1700	Total deferred outflows of resources	<u>23,563,303</u>
LIABILITIES		
2110	Accounts payable	4,735,802
2120	Other liabilities	34,164
2122	Short-term loan payable	30,145,000
2140	Interest payable	7,302,525
2150	Payroll deductions and withholdings payable	333,558
2160	Accrued wages payable	5,140,828
2177	Due to custodial fund	28,762
2180	Due to other governments	47
2300	Unearned revenue	348,788
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	14,359,448
2501	Compensated absences	987,616
	Due in more than one year:	
2502	Long-term debt	491,540,506
2502	Arbitrage	1,162,762
2540	Net pension liability	35,371,022
2545	Net other post-employment benefit liability	22,132,132
2000	Total liabilities	<u>613,622,960</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Related to pensions	2,447,478
2606	Related to other post-employment benefits	21,485,923
2600	Total deferred inflows of resources	<u>23,933,401</u>
NET POSITION		
3200	Net investment in capital assets	42,996,433
	Restricted for:	
3820	Federal and state programs	2,906,445
3850	Debt service	41,232,091
3890	Local grants	73,294
3900	Unrestricted	<u>(49,313,165)</u>
3000	Total net position (deficit)	<u>\$ 37,895,098</u>

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

MANOR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3
			Charges for Services
	Primary government:		
	Governmental activities:		
11	Instruction	\$ 75,256,368	\$ 430,926
12	Instructional resources and media services	1,161,781	-
13	Curriculum and staff development	1,644,181	-
21	Instructional leadership	2,942,037	-
23	School leadership	7,165,826	-
31	Guidance, counseling, and evaluation services	2,966,668	-
32	Social work services	1,190,164	-
33	Health services	1,455,473	-
34	Student transportation	8,813,322	-
35	Food service	10,944,243	486,469
36	Extracurricular activities	6,961,164	789,369
41	General administration	4,450,776	-
51	Facilities maintenance and operations	16,274,011	53,095
52	Security and monitoring services	3,788,952	-
53	Data processing services	3,039,655	-
61	Community services	1,369,677	-
72	Interest on long-term debt	16,004,797	-
73	Bond issuance cost and fees	296,003	-
93	Payments related to shared services arrangements	155,544	-
99	Other intergovernmental changes	629,707	-
	[TP] Total primary government	<u>\$ 166,510,349</u>	<u>\$ 1,759,859</u>
	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes		
DT	Property taxes, levied for debt service		
SF	State aid - formula grants		
IE	Investment earnings		
MI	Miscellaneous		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning, as previously reported		
PA	Restatement, change in accounting principle		
NB	Net position, beginning, as restated		
NE	Net position, ending		

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

Program Revenues		Net (Expenses) Revenue and Changes in in Net Position
4	4	6
Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov. Governmental Activities
\$ 5,994,257	\$ 167,430	\$ (68,663,755)
32,849	-	(1,128,932)
1,083,501	-	(560,680)
227,555	-	(2,714,482)
234,601	-	(6,931,225)
899,751	-	(2,066,917)
407,962	-	(782,202)
39,679	-	(1,415,794)
296,216	-	(8,517,106)
9,001,455	-	(1,456,319)
68,729	-	(6,103,066)
126,754	-	(4,324,022)
287,631	-	(15,933,285)
584,894	-	(3,204,058)
55,568	-	(2,984,087)
506,112	-	(863,565)
3,035,754	-	(12,969,043)
-	-	(296,003)
2,022	-	(153,522)
-	-	(629,707)
<u>\$ 22,885,290</u>	<u>\$ 167,430</u>	<u>\$ (141,697,770)</u>

80,688,777
42,147,492
9,405,539
3,493,971
<u>698,304</u>
<u>136,434,083</u>
(5,263,687)
<u>43,988,993</u>
<u>(830,208)</u>
<u>43,158,785</u>
<u>\$ 37,895,098</u>

MANOR INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025

<u>Data Control Codes</u>		<u>10 General Fund</u>	<u>50 Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 42,495,839	\$ 47,388,491
1220	Property taxes - delinquent	2,981,580	1,565,193
1230	Allowance for uncollectible taxes	(850,317)	(446,377)
1240	Due from other governments	5,548,182	-
1260	Due from other funds	1,887,079	-
1290	Other receivables	1,927	-
1300	Inventories, at cost	-	-
1000	Total assets	<u>52,064,290</u>	<u>48,507,307</u>
LIABILITIES			
2110	Accounts payable	773,068	-
2120	Other liabilities	15,629	-
2122	Short-term loan payable	30,145,000	-
2140	Interest payable	58,638	-
2150	Payroll deductions and withholdings	239,123	-
2160	Accrued wages payable	4,844,775	-
2170	Due to other funds	1,372,932	1,553
2177	Due to custodial funds	28,762	-
2180	Due to other governments	-	-
2300	Unearned revenues	<u>112,602</u>	<u>29,776</u>
2000	Total liabilities	<u>37,590,529</u>	<u>31,329</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue - property taxes	<u>2,131,263</u>	<u>1,118,817</u>
2600	Total deferred inflows of resources	<u>2,131,263</u>	<u>1,118,817</u>
FUND BALANCES			
3410	Nonspendable - inventories	-	-
	Restricted:		
3450	Federal or state grant restrictions	-	-
3470	Capital acquisitions	-	-
3480	Debt service	-	47,357,161
3490	Local grants	-	-
3545	Committed - campus activities	-	-
3600	Unassigned	<u>12,342,498</u>	<u>-</u>
3000	Total fund balances	<u>12,342,498</u>	<u>47,357,161</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 52,064,290</u>	<u>\$ 48,507,307</u>

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

60 Capital Projects Fund	Other Funds	Total Governmental Funds
\$ 16,291,071	\$ 2,805,874	\$ 108,981,275
-	-	4,546,773
-	-	(1,296,694)
-	880,056	6,428,238
381,099	3,692,185	5,960,363
-	226	2,153
-	190,234	190,234
<u>16,672,170</u>	<u>7,568,575</u>	<u>124,812,342</u>
3,324,160	638,574	4,735,802
-	18,535	34,164
-	-	30,145,000
-	-	58,638
-	94,435	333,558
-	296,053	5,140,828
1,594,095	2,991,783	5,960,363
-	-	28,762
-	47	47
-	206,410	348,788
<u>4,918,255</u>	<u>4,245,837</u>	<u>46,785,950</u>
-	-	3,250,080
-	-	3,250,080
-	190,234	190,234
-	2,716,211	2,716,211
11,753,915	-	11,753,915
-	-	47,357,161
-	73,294	73,294
-	342,999	342,999
-	-	12,342,498
<u>11,753,915</u>	<u>3,322,738</u>	<u>74,776,312</u>
\$ <u>16,672,170</u>	\$ <u>7,568,575</u>	\$ <u>124,812,342</u>

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MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

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

JUNE 30, 2025

Total fund balances - governmental funds	\$ 74,776,312
Amounts reported for governmental activities in the statement of net position are different because:	
1 Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable.	533,036,177
2 Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	3,250,080
3 Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
General obligation bonds	(461,479,999)
Premiums on issuance	(43,688,332)
Deferred charge on refunding	5,269,057
Lease liability	(731,623)
Accrued interest payable	(7,243,887)
Arbitrage	(1,162,762)
Compensated absences	(987,616)
4 Included in the items related to long-term liabilities is the recognition of the District's proportionate share of net pension liability.	
Net pension liability - proportionate share	(35,371,022)
Deferred outflows relation to pensions	8,481,715
Deferred inflows related to pensions	(2,447,478)
5 Included in the items related to long-term liabilities is the recognition of the District's proportionate share of net OPEB liability.	
Net OPEB liability - proportionate share	(22,132,132)
Deferred outflows relation to OPEB	9,812,531
Deferred inflows related to OPEB	<u>(21,485,923)</u>
Net position - governmental activities	\$ <u>37,895,098</u>

MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 84,035,727	\$ 44,859,313
5800	State program	15,614,821	3,035,754
5900	Federal program	<u>1,022,076</u>	<u>-</u>
5020	Total revenues	<u>100,672,624</u>	<u>47,895,067</u>
EXPENDITURES			
	Current:		
0011	Instruction	63,183,642	-
0012	Instructional resources and media services	642,210	-
0013	Curriculum and instructional staff development	389,512	-
0021	Instructional leadership	2,961,766	-
0023	School leadership	7,243,846	-
0031	Guidance, counseling and evaluation services	2,178,095	-
0032	Social work services	820,119	-
0033	Health services	1,472,396	-
0034	Student (pupil) transportation	7,004,139	-
0035	Food services	104,332	-
0036	Extracurricular activities	2,997,732	-
0041	General administration	4,159,675	-
0051	Facilities maintenance and operations	16,452,900	-
0052	Security and monitoring services	3,728,875	-
0053	Data processing services	2,490,620	-
0061	Community services	917,571	-
	Debt service:		
0071	Principal on long term debt	272,502	39,995,000
0072	Interest on long term debt	262,534	19,836,566
0073	Bond issuance costs and fees	231,657	64,346
	Capital outlay:		
0081	Facilities acquisition and construction	-	-
	Intergovernmental:		
0093	Payments to shared service arrangements	155,544	-
0099	Other intergovernmental charges	<u>629,707</u>	<u>-</u>
6030	Total expenditures	<u>118,299,374</u>	<u>59,895,912</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(17,626,750)	(12,000,845)
OTHER FINANCING SOURCES (USES)			
7912	Sale of real or personal property	<u>118,316</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>118,316</u>	<u>-</u>
1200	Net change in fund balances	(17,508,434)	(12,000,845)
0100	Fund balance - beginning	<u>29,850,932</u>	<u>59,358,006</u>
3000	Fund balance - ending	<u>\$ 12,342,498</u>	<u>\$ 47,357,161</u>

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

60 Capital Projects Fund	Other Funds	Total Governmental Funds
\$ 1,330,192	\$ 1,403,340	\$ 131,628,572
-	2,006,251	20,656,826
-	14,467,970	15,490,046
<u>1,330,192</u>	<u>17,877,561</u>	<u>167,775,444</u>
369,703	4,303,125	67,856,470
-	16,906	659,116
-	1,075,339	1,464,851
-	131,984	3,093,750
-	7,896	7,251,742
-	819,195	2,997,290
-	394,463	1,214,582
-	-	1,472,396
73,524	69,659	7,147,322
-	9,737,810	9,842,142
-	582,624	3,580,356
5,130	17,344	4,182,149
84,818	-	16,537,718
800,193	473,348	5,002,416
3,241,936	-	5,732,556
-	474,596	1,392,167
-	-	40,267,502
-	-	20,099,100
-	-	296,003
12,718,524		12,718,524
-	-	155,544
-	-	629,707
<u>17,293,828</u>	<u>18,104,289</u>	<u>213,593,403</u>
(15,963,636)	(226,728)	(45,817,959)
-	-	118,316
-	-	118,316
(15,963,636)	(226,728)	(45,699,643)
<u>27,717,551</u>	<u>3,549,466</u>	<u>120,475,955</u>
<u>\$ 11,753,915</u>	<u>\$ 3,322,738</u>	<u>\$ 74,776,312</u>

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MANOR INDEPENDENT SCHOOL DISTRICT**EXHIBIT C-4****RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds \$ (45,699,643)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Additions to capital assets	17,134,155
Disposal of capital assets	(122,587)
Depreciation on capital assets	(19,542,281)

Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.

Property taxes	(1,293,199)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayment	40,267,502
Premium on bond issuance	3,566,079
Arbitrage	(1,162,762)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of premium and deferred loss on refunding bonds	(387,906)
Accrued interest payable	916,130
Compensated absences	(157,408)

GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,258,764. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$2,720,389. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,768,669.

(2,230,294)

GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$565,770. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$538,214. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$3,420,971.

3,448,527

Change in net position of governmental activities

\$ (5,263,687)

MANOR INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-1**

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2025

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 9,871
Due from others	<u>28,762</u>
Total assets	<u>38,633</u>
LIABILITIES	
Accounts payable	7,884
Other liabilities	<u>313</u>
Total liabilities	<u>8,197</u>
NET POSITION	
Restricted for student groups	<u>30,436</u>
Total net position	<u>\$ 30,436</u>

MANOR INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-2****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Custodial Fund</u>
ADDITIONS	
Student activities	\$ <u>17,676</u>
Total additions	<u>17,676</u>
DEDUCTIONS	
Payments for student groups	<u>15,689</u>
Total deductions	<u>15,689</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	1,987
NET POSITION, BEGINNING	<u>28,449</u>
NET POSITION, ENDING	\$ <u>30,436</u>

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MANOR INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Manor Independent School District (the "District") is governed by a seven-member Board of Trustees (the "Board"), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

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

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

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

Governmental fund financial statements are reported using 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The fiduciary fund financial statement reflects the District's custodial fund. The fiduciary fund is accounted using an economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Grant revenues 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

Capital Projects Fund – The Capital Projects Fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized acquisition, construction, or renovations as well as furnishing and equipping capital facilities.

In addition, the District reports the following fund types:

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

Fiduciary Fund – Custodial Fund – This Fund is used to account for assets held by the District as a custodian for student organizations. The fund is custodial in nature.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

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

Deposits and Investments

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

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

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectible. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Travis Central Appraisal District as of January 1 of each year. Prior to July 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.

Capital Assets

As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets. See Note 6). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, equipment, the right to use lease equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Classification	Useful Life
Buildings and improvements	10-20 years
Furniture and equipment	4-10 years
Right to use - equipment	4-10 years

Long-term Obligations

In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable premium or discount. Bond issuance costs are expensed in the year incurred.

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

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

Leases

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and internal service fund financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

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

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

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

Compensated Absences

District employees earn state and local leave in accordance with Board policy. Leave balances may accumulate and are available for use in subsequent periods.

The District recognizes a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Based on historical experience and management's evaluation, a portion of accumulated state and local leave is considered more likely than not to be used or paid; therefore, a liability for such leave (including applicable payroll-related costs) has been recorded in the governmental activities.

Deferred Outflows/Inflow of Resources

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

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

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

- *Deferred outflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) changes in the District’s proportional share of post-employment liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on post-employment plan investments. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

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

- *Deferred inflows of resources for unavailable revenues* – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in the District’s proportional share of pension liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on pension plan investments. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Pensions

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other 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.

Net Position

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

- Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.
- Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from property taxes which have constraints placed on them for the purpose of future debt service payments.
- Restricted for local grants - this component of net position consists of restricted assets that are restricted by a local agency for specific educational purposes.
- Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

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

- Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. There is no amount of fund balance that is considered nonspendable at the end of the year. If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.
- Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The District has committed 100 percent of fund 461 Campus Activity Funds' fund balance.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority. There is no amount of fund balance assigned at the end of the year.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

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

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

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide (FASRG). 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 database for policy development and funding plans.

Estimates

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are approved by the Texas Education Agency and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At June 30, 2025, the District's cash in bank totaled \$15,061,718 while the carrying value was \$14,058,002. The District's bank balance were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, qualified commercial paper, repurchase agreements, or investment pools.

For fiscal year 2025, the District invested in the MBIA Texas Class Investment Pool. Texas Class operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. MBIA Texas Class Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. The primary objectives of MBIA Texas Class Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

The Local Government Investment Pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

At year-end, the District's cash and investment balances and the weighted average maturity of these investments were as follows:

Investment Type	Reported Value	Weighted Average Maturity (Days)	Credit Rating
Cash and deposits	\$ 14,058,002	N/A	N/A
Texas CLASS	94,933,144	37	AAAm
Total cash and cash equivalents	<u>\$ 108,991,146</u>		

Credit Risk – State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations.

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

Interest Rate Risk – The risk that changes in interest rates may adversely affect the value of the investments. To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District monitors interest rate risk utilizing weighted average maturity (WAM) analysis. The District requires its investment portfolio to have maturities of less than one year on a WAM basis. However, specific to the District's debt service funds, maturities longer than one year are authorized within legal limits and as long as sufficient investment liquidity to timely meet debt service payment obligations is maintained.

B. Due From Other Governments

As of year end due from other governments are as follows:

	General Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 5,467,208	\$ -	\$ 5,467,208
Federal grants	16,314	777,692	794,006
State grants	-	102,364	102,364
Local government agreements	64,660	-	64,660
Total due from other governments	<u>\$ 5,548,182</u>	<u>\$ 880,056</u>	<u>\$ 6,428,238</u>

C. Unearned Revenue

At year end, the District reported unearned revenue in the governmental funds of \$348,585. This balance includes \$142,378 related to an overpayment of property taxes and \$206,207 attributable to grant proceeds received but not yet earned. Unearned revenues represent resources received in advance of the District meeting the applicable earning requirements.

D. Interfund Receivables and Payables

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

The composition of interfund balances as of June 30, 2025, is as follows:

Payable From	Payable To	Amounts
General fund	Capital projects fund	\$ 379,546
General fund	Nonmajor governmental fund	993,386
Debt service fund	Capital projects fund	1,553
Capital projects fund	General fund	1,594,095
Nonmajor governmental fund	General fund	292,984
Nonmajor governmental fund	Nonmajor governmental fund	2,698,799
	Total	<u>\$5,960,363</u>

E. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,259,965	\$ -	\$ (118,316)	\$ 24,141,649
Construction in progress	<u>208,345,792</u>	<u>5,369,598</u>	<u>(174,324,333)</u>	<u>39,391,057</u>
Total capital assets, not being depreciated	<u>232,605,757</u>	<u>5,369,598</u>	<u>(174,442,649)</u>	<u>63,532,706</u>
Capital assets, being depreciated:				
Buildings and improvements	431,571,958	6,741,109	174,806,167	613,119,234
Furniture and equipment	35,727,124	5,023,448	(207,546)	40,543,026
Right to use - equipment	<u>1,128,239</u>	<u>-</u>	<u>-</u>	<u>1,128,239</u>
Total capital assets, being depreciated	<u>468,427,321</u>	<u>11,764,557</u>	<u>174,598,621</u>	<u>654,790,499</u>
Less accumulated depreciation for:				
Buildings and improvements	(138,449,913)	(16,635,124)	(103,728)	(155,188,765)
Furniture and equipment	(26,895,229)	(2,619,553)	(174,831)	(29,689,613)
Right to use - equipment	<u>(121,046)</u>	<u>(287,604)</u>	<u>-</u>	<u>(408,650)</u>
Total accumulated depreciation	<u>(165,466,188)</u>	<u>(19,542,281)</u>	<u>(278,559)</u>	<u>(185,287,028)</u>
Total governmental activities				
capital assets, net	<u>\$ 535,566,890</u>	<u>\$ (2,408,126)</u>	<u>\$ (122,587)</u>	<u>\$ 533,036,177</u>

Depreciation expense was charged to governmental functions of the District as follows:

Governmental activities:	
Instruction	\$ 10,236,413
Instruction Resources & Media Services	536,935
Curriculum & Instructional Staff Development	213,349
School Leadership	301,915
Guidance, Counseling & Evaluation Services	109,525
Social Work Services	19,844
Health Services	51,965
Student (Pupil) Transportation	2,067,315
Food Services	1,263,183
Extracurricular Activities	3,480,234
General Administration	435,179
Plant Maintenance & Operations	89,352
Security & Monitoring Services	212,747
Data Processing Services	480,781
Community Services	<u>43,544</u>
Total depreciation expense	<u>\$ 19,542,281</u>

Remaining commitments related to construction contracts as of June 30, 2025, follows:

Project	Spent-to-Date	Remaining Commitment
F&C Assessment Assessments - Paving, Plumbing, Electrical, Mechanical	\$ 17,701,906	\$ 6,398,690
Police Department Startup	1,022,848	112,245
Technology	2,433,318	4,727,322
Kitchen/Food Service Upgrades	7,647,704	7,826,746
Assessment Misc	2,152,208	-
Roof Repairs & Replacements	3,366,477	-
PA Systems Replacements	273,140	-
Program Management/Owner Rep.	4,780,636	49,500
Secure Vestibules	9,995	-
Totals	<u>\$ 39,388,232</u>	<u>\$ 19,114,503</u>

F. Short-Term Note Payable (Maintenance Tax Notes)

The District issues maintenance tax notes to provide interim financing for maintenance and operating expenditures, including payroll and related operating costs, to manage cash-flow timing differences between expenditures and the receipt of maintenance tax revenues. These notes are authorized by Texas law, including Section 45.108 of the Texas Education Code, and are secured by a pledge of the District's maintenance tax levy and other legally available current resources.

Maintenance Tax Note, Series 2024 (retired). On October 30, 2024, the District issued its Maintenance Tax Note, Series 2024 in the original principal amount of \$13,100,000. The note bore interest at 4.080% and matured on June 28, 2025. Interest was calculated on a 360-day year of twelve 30-day months and payable monthly beginning January 28, 2025. The note was repaid through mandatory sinking fund redemptions from January through June 2025 and was fully redeemed at maturity; therefore, no balance was outstanding at June 30, 2025. The District paid approximately \$181,474 in interest on the Series 2024 note during fiscal year 2025.

Maintenance Tax Note, Series 2025 (outstanding). On June 11, 2025, the District issued its Maintenance Tax Note, Series 2025 in the original principal amount of \$30,145,000. The note bears interest at 3.750% and matures on June 11, 2026. The note is subject to mandatory sinking fund redemptions in 2026 totaling the full principal amount. At June 30, 2025, the entire \$30,145,000 principal was outstanding and is reported as short-term debt because it is due within one year of fiscal year end. No interest was paid on the Series 2025 note during fiscal year 2025 because the first scheduled interest payment occurs in January 2026.

G. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and leases. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for leases are accounted for in the General Fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds	\$501,474,999	\$ -	\$39,995,000	\$ 461,479,999	\$14,080,000
Issuance premium on bonds	47,254,411	-	3,566,079	43,688,332	-
Lease liabilities	1,004,125	-	272,502	731,623	279,448
Total long-term debt	<u>\$549,733,535</u>	<u>\$ -</u>	<u>\$43,833,581</u>	<u>\$ 505,899,954</u>	<u>\$14,359,448</u>
Compensated absences	830,208	157,408	-	987,616	987,616
Arbitrage	-	1,162,762	-	1,162,762	-
Net pension liability	41,062,411	-	5,691,389	35,371,022	-
Net OPEB liability	16,259,814	5,872,318	-	22,132,132	-
Total long-term liabilities	<u>\$607,885,968</u>	<u>\$ 7,192,488</u>	<u>\$49,524,970</u>	<u>\$ 565,553,486</u>	<u>\$15,347,064</u>

The General Fund will extinguish the net pension and net OPEB liabilities. The Capital Project Fund will extinguish the arbitrage liability. The additions and retirements of compensated absences are netted in the long-term liability activity schedule above.

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 and term bonds with various amounts of principal maturing each year.

Issue	Original Issuance Amount	Interest Rate	Fiscal Year Maturity	Debt Outstanding
UTRB, Series 2012	\$ 8,779,999	2-3.5%	2026	\$ 9,999
UTRB, Series 2014	43,585,000	2-5%	2025	1,595,000
UTSBB, Series 2014	116,095,000	2-5%	2025	2,925,000
UTRB, Series 2016	18,315,000	2-5%	2033	10,325,000
UTSBB, Series 2017	29,955,000	2-5%	2046	5,265,000
UTSBB, Series 2017A	51,190,000	3-5%	2047	36,700,000
UTSBB, Series 2020	181,715,000	3-5%	2050	174,290,000
UTRB, Series 2021A	6,625,000	3-5%	2029	6,510,000
UTRB, Series 2021B	155,035,000	2.389-5%	2044	149,085,000
UTSBB Series 2022	77,210,000	4-5%	2052	74,775,000
				<u>\$ 461,479,999</u>

Debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2026	\$ 14,080,000	\$ 17,676,911	\$ 31,756,911
2027	13,624,999	17,939,411	31,564,410
2028	13,375,000	16,349,661	29,724,661
2029	14,040,000	15,664,286	29,704,286
2030	14,585,000	14,954,735	29,539,735
2031-2035	93,570,000	62,103,603	155,673,603
2036-2040	96,920,000	43,395,604	140,315,604
2041-2045	97,735,000	27,699,881	125,434,881
2046-2050	79,010,000	11,693,600	90,703,600
2051-2055	24,540,000	1,162,800	25,702,800
Totals	<u>\$ 461,479,999</u>	<u>\$ 228,640,492</u>	<u>\$ 690,120,491</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2025. During each year while bonds are outstanding, the District is required to levy and collect sufficient property taxes to provide for the payment of principal and interest as it becomes due. The revenue and bond payments are accounted for in the Debt Service Fund. The District's outstanding bonds payable contain a provision that, in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. Long-term liabilities are generally liquidated by the general fund and debt service funds.

Defeased Debt

The District has also defeased general obligation in prior years by placing the proceeds of bonds and the District's own resources into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the District's financial statements. At June 30, 2025, \$12,175,000 of defeased bonds remain outstanding.

Leases

The following table lists the lease liabilities and right to use lease assets as of fiscal year ended June 30, 2025.

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 06/30/25
Copiers and printers	2.70%	2024	\$ 722,143	\$ 16,552	\$ 519,488
WAN fiber	2.19%	2023	388,504	5,544	202,543
WAN fiber	2.72%	2023	17,592	326	9,592
					<u>\$ 731,623</u>

The future principal and interest lease payment as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 279,448	\$ 15,476	\$ 294,924
2027	286,575	8,349	294,924
2028	165,600	1,962	167,562
Totals	<u>\$ 731,623</u>	<u>\$ 25,787</u>	<u>\$ 757,410</u>

H. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position - Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

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

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

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$ 2,774,652
Current fiscal year member contributions		6,660,483
2024 measurement year NECE on-behalf contributions		4,431,526

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate	3.87%
Last Year Ending August 31 in Projection Period (100 Years)	2123
Inflation	2.30%
Salary increases including inflation	2.95 to 8.95% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2024. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2024.

Discount Rate - A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

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

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2024 policy model.

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

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

Discount Rate Sensitivity Analysis - The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of net pension liability	\$ 56,496,484	\$ 35,371,022	\$ 17,867,074

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the District reported a liability of \$35,371,022 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 35,371,022
State's proportionate share that is associated with the District	<u>48,035,336</u>
Total	<u>\$ 83,406,358</u>

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.0579053758% which was an decrease of 0.018736327% from its proportion measured as of August 31, 2023.

Change 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.

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

For the year ended June 30, 2025, the District's pension expense was \$10,230,084 and revenue was \$5,741,026 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,949,602	\$ 276,160
Changes in actuarial assumptions	1,826,282	244,842
Difference between projected and actual investment earnings	215,008	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,232,059	1,926,476
Contributions paid to TRS subsequent to the measurement date	<u>2,258,764</u>	<u>-</u>
Totals	<u>\$ 8,481,715</u>	<u>\$ 2,447,478</u>

\$2,258,764 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	Pension Expense
2026	\$ (32,404)
2027	3,952,631
2028	729,636
2029	(881,834)
2030	7,444

I. Defined Other Post-Employment 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 Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (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.

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

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

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

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 salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2024	2025
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 676,626
Current fiscal year member contributions		524,766
2024 measurement year NECE on-behalf contributions		829,929

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB liability to August 31, 2024.

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87%
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	2.95% to 8.95%, including inflation
Healthcare Trend Rates	The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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.

Discount Rate. A single discount rate of 3.87 percent was used to measure the total OPEB liability. There was an decrease of 0.26 percent in the discount rate since the previous year.

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

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of net OPEB liability	\$ 26,294,007	\$ 22,132,132	\$ 18,769,274

Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 18,023,335	\$ 22,132,132	\$ 27,486,303

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2025, the District reported a liability of \$22,132,132 for its proportionate share of the TRS's net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 22,132,132
State's proportionate share that is associated with the District	<u>27,731,261</u>
Total	<u>\$ 49,863,393</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 rolled forward from an actuarial valuation as of August 31, 2023. The employer's portion of the net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0729193226%, which was a decrease of 0.0005271960% from its proportion measured as of August 31, 2023.

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

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

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$6,487,309 and revenue of \$3,604,552 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 4,241,987	\$ 11,045,134
Changes in actuarial assumptions	2,832,651	7,221,459
Differences between projected and actual investment earnings	-	61,978
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,172,123	3,157,352
Contributions paid to OPEB subsequent to the measurement date	565,770	-
Totals	<u>\$ 9,812,531</u>	<u>\$ 21,485,923</u>

\$565,770 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows resources will be recognized in OPEB expense as follows:

For the Year Ended June 30,	OPEB Expense
2026	\$ (3,348,577)
2027	(2,346,190)
2028	(2,733,991)
2029	(2,496,104)
2030	(1,343,469)
Thereafter	29,169

J. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$565,533, \$435,431, and \$410,437, respectively. The information for the year ended June 30, 2025 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

K. Risk Management

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. The district is covered on property insurance with a limit of \$635,697,140.

L. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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

M. Tax Abatement

On December 17, 2012, the Manor ISD Board of Trustees approved an Agreement with Samsung Austin Semiconductor, LLC (Samsung) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Samsung qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a manufacturing project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state". Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Samsung has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

During fiscal year 2025, the District has two active agreements with Samsung. The agreements did not impact fiscal year 2025 and will impact future fiscal periods.

N. Change in Accounting Principle

During fiscal year 2025, the District adopted GASB Statement 101, *Compensated Absences*. In the prior year, the District did not report a compensated absences liability. With the adoption of the new GASB standard during the reporting period, the beginning compensated absences liability for fiscal year 2025 was \$830,208, per the District's analysis of historical leave earned and used by employees.

During the fiscal year 2025, the change in accounting principle described above, resulted in a restatement of beginning net position, as follows:

	6/30/2024 As Previously Reported	Change In Accounting Principle	6/30/2024 As Restated
Governmental activities	\$ 43,988,993	\$ (830,208)	\$ 43,158,785
Total primary government	\$ 43,988,993	\$ (830,208)	\$ 43,158,785

O. Significant Forthcoming Standards

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

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

FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 84,340,793	\$ 84,340,793	\$ 84,035,727	\$ (305,066)
5800	State program	12,177,732	12,177,732	15,614,821	3,437,089
5900	Federal program	784,600	784,600	1,022,076	237,476
5020	Total revenues	97,303,125	97,303,125	100,672,624	3,369,499
EXPENDITURES					
	Current:				
0011	Instruction	62,837,666	62,830,881	63,183,642	(352,761)
0012	Instructional resources and media services	632,608	632,608	642,210	(9,602)
0013	Curriculum and instructional staff development	428,134	428,134	389,512	38,622
0021	Instructional leadership	2,982,434	2,982,434	2,961,766	20,668
0023	School leadership	7,232,197	7,233,367	7,243,846	(10,479)
0031	Guidance, counseling and evaluation services	2,170,359	2,170,359	2,178,095	(7,736)
0032	Social work services	803,907	803,907	820,119	(16,212)
0033	Health services	1,458,384	1,458,664	1,472,396	(13,732)
0034	Student (pupil) transportation	7,369,158	7,369,158	7,004,139	365,019
0035	Food services	69,160	69,160	104,332	(35,172)
0036	Extracurricular activities	3,020,791	3,020,791	2,997,732	23,059
0041	General administration	4,290,461	4,290,461	4,159,675	130,786
0051	Facilities maintenance and operations	16,600,440	16,600,440	16,452,900	147,540
0052	Security and monitoring services	4,628,883	4,628,883	3,728,875	900,008
0053	Data processing services	2,578,619	2,578,619	2,490,620	87,999
0061	Community services	951,647	951,647	917,571	34,076
	Debt Service:				
0071	Principal on long term debt	318,003	318,003	272,502	45,501
0072	Interest on long term debt	181,500	181,500	262,534	(81,034)
0072	Bond issuance costs and fees	86,700	86,700	231,657	(144,957)
	Intergovernmental:				
0093	Payments to shared service arrangement	155,545	155,545	155,544	1
0099	Other intergovernmental charges	636,959	636,959	629,707	7,252
6030	Total expenditures	119,433,555	119,428,220	118,299,374	1,128,846
1100	Excess (deficiency) of revenues over (under) expenditures	(22,130,430)	(22,125,095)	(17,626,750)	4,498,345
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	118,320	118,320	118,316	(4)
7080	Total other financing sources (uses)	118,320	118,320	118,316	(4)
1200	Net change in fund balances	(22,012,110)	(22,006,775)	(17,508,434)	4,498,341
0100	Fund balance - beginning	29,850,932	29,850,932	29,850,932	-
3000	Fund balance - ending	\$ 7,838,822	\$ 7,844,157	\$ 12,342,498	\$ 4,498,341

MANOR INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

JUNE 30, 2025

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

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made during the fiscal year ended June 30, 2025.

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

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2024. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

For the year ended June 30, 2025, the District's expenditures exceeded appropriations in the general fund as follows:

Instruction	\$ 352,761
Instruction resources and media services	9,602
School leadership	10,479
Guidance, counseling and evaluation services	7,736
Social work services	16,212
Health services	13,732
Food services	35,172
Interest on long-term debt	81,034
Bond issuance costs and fees	144,957

For the year ended June 30, 2025, the District's expenditures exceeded appropriations in the debt service fund as follows:

Interest on long-term debt	\$ 412,217
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MANOR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net pension liability (asset)	0.0579000%	0.0598000%	0.0561000%
District's proportionate share of net pension liability (asset)	\$ 35,371,022	\$ 41,062,411	\$ 33,301,046
States proportionate share of the net pension liability (asset) associated with the District	<u>48,035,336</u>	<u>53,907,183</u>	<u>43,779,245</u>
Total	<u>\$ 83,406,358</u>	<u>\$ 94,969,594</u>	<u>\$ 77,080,291</u>
District's covered payroll	\$ 76,313,645	\$ 75,765,103	\$ 69,754,411
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.35%	54.20%	47.74%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.65%
Plan's net pension liability as a percentage of covered payroll	109.29%	122.32%	112.72%

2021	2020	2019	2018	2017	2016	2015
0.0507000%	0.0530000%	0.0612000%	0.0599000%	0.0545000%	0.0585000%	0.0565000%
\$ 12,910,709	\$ 28,362,529	\$ 31,793,033	\$ 32,953,005	\$ 17,423,755	\$ 22,092,768	\$ 19,972,776
<u>21,773,959</u>	<u>47,645,326</u>	<u>43,607,318</u>	<u>45,591,662</u>	<u>28,233,322</u>	<u>33,022,025</u>	<u>30,171,032</u>
<u>\$ 34,684,668</u>	<u>\$ 76,007,855</u>	<u>\$ 75,400,351</u>	<u>\$ 78,544,667</u>	<u>\$ 45,657,077</u>	<u>\$ 55,114,793</u>	<u>\$ 50,143,808</u>
\$ 65,195,080	\$ 65,795,575	\$ 63,455,415	\$ 59,939,410	\$ 57,223,710	\$ 57,282,739	\$ 52,822,628
19.80%	43.11%	50.10%	54.98%	30.45%	38.57%	37.81%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%
51.08%	110.36%	114.93%	126.11%	75.93%	92.75%	91.94%

MANOR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED JUNE 30, 2025**

	Fiscal Year Ended June 30,		
	2025	2024	2023
Contractually required contribution	\$ 2,774,652	\$ 3,206,707	\$ 3,054,028
Contribution in relation to the contractually required contribution	<u>(2,774,652)</u>	<u>(3,206,707)</u>	<u>(3,054,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 80,759,571	\$ 78,516,896	\$ 75,102,189
Contributions as a percentage of covered payroll	3.44%	4.08%	4.07%

Fiscal Year Ended June 30,						
2022	2021	2020	2019	2018	2017	2016
\$ 2,536,488	\$ 2,155,638	\$ 2,187,009	\$ 2,182,736	\$ 2,058,940	\$ 1,695,335	\$ 1,876,432
<u>(2,536,488)</u>	<u>(2,155,638)</u>	<u>(2,187,009)</u>	<u>(2,182,736)</u>	<u>(2,058,940)</u>	<u>(1,695,335)</u>	<u>(1,876,432)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 68,851,471	\$ 64,695,584	\$ 65,770,930	\$ 62,950,545	\$ 61,951,863	\$ 54,437,245	\$ 57,058,223
3.68%	3.33%	3.33%	3.47%	3.32%	3.11%	3.29%

MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net OPEB liability (asset)	0.0729000%	0.0734000%	0.0725000%
District's proportionate share of net OPEB liability (asset)	\$ 22,132,132	\$ 16,259,814	\$ 17,364,357
States proportionate share of the net OPEB liability (asset) associated with the District	<u>27,731,261</u>	<u>19,619,965</u>	<u>21,181,787</u>
Total	<u>\$ 49,863,393</u>	<u>\$ 35,879,779</u>	<u>\$ 38,546,144</u>
District's covered payroll	\$ 76,306,708	\$ 75,765,103	\$ 69,754,411
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	29.00%	21.46%	24.89%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%
Plan's net OPEB liability as a percentage of covered-employee payroll	65.35%	51.86%	59.10%

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.0701000%	0.0749000%	0.0794000%	0.0763000%	0.0751000%
\$ 27,054,715	\$ 28,463,653	\$ 37,541,156	\$ 38,077,606	\$ 32,654,012
<u>36,247,289</u>	<u>38,248,327</u>	<u>49,883,799</u>	<u>51,207,637</u>	<u>45,260,096</u>
<u>\$ 63,302,004</u>	<u>\$ 66,711,980</u>	<u>\$ 87,424,955</u>	<u>\$ 89,285,243</u>	<u>\$ 77,914,108</u>
\$ 65,195,080	\$ 65,795,575	\$ 63,455,415	\$ 59,939,410	\$ 57,223,710
41.50%	43.26%	59.16%	63.53%	57.06%
6.18%	4.99%	2.66%	1.57%	132.55%
100.13%	101.46%	135.21%	146.64%	136.16%

MANOR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED JUNE 30, 2025**

	Fiscal Year Ended August 31,		
	2025	2024	2023
Contractually required contribution	\$ 676,626	\$ 655,389	\$ 625,279
Contribution in relation to the contractually required contribution	<u>(676,626)</u>	<u>(655,389)</u>	<u>(625,279)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 80,733,206	\$ 78,516,896	\$ 75,102,189
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%

Fiscal Year Ended August 31,						
2022	2021	2020	2019	2018	2017	2016
\$ 574,112	\$ 472,858	\$ 571,426	\$ 568,234	\$ 536,486	\$ 372,044	\$ 374,993
<u>(574,112)</u>	<u>(472,858)</u>	<u>(571,426)</u>	<u>(568,234)</u>	<u>(536,486)</u>	<u>(372,044)</u>	<u>(374,993)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 68,851,471	\$ 64,695,584	\$ 65,770,930	\$ 62,950,545	\$ 61,951,863	\$ 54,437,245	\$ 51,812,156
0.83%	0.73%	0.87%	0.90%	0.87%	0.68%	0.72%

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COMBINING STATEMENTS

MANOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

Data Control Codes		206	211	224
		ESEA Title X Part-C Education for Homeless Children	ESEA Title 1 Part A - Improving Basic Program	IDEA Part B Formula
	ASSETS			
1110	Cash and cash equivalents	\$ 6,501	\$ 15,689	\$ 58,213
1240	Receivables from other governments	886	169,912	212,186
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1310	Inventories	-	-	-
1000	Total assets	7,387	185,601	270,399
	LIABILITIES			
2110	Accounts payable	-	-	-
2120	Other liabilities	-	-	-
2150	Payroll deduction and withholdings payable	422	8,826	4,859
2160	Accrued wages payable	-	-	-
2170	Due to other funds	6,965	176,775	265,540
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	7,387	185,601	270,399
	FUND BALANCES			
3410	Nonspendable: Inventories	-	-	-
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	Local grants	-	-	-
3545	Committed: Campus activities	-	-	-
3000	Total fund balances	-	-	-
4000	Total liabilities and fund balances	\$ 7,387	\$ 185,601	\$ 270,399

EXHIBIT H-1

225	240	244	255	263	278
IDEA Part B Preschool	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, Part A Supportive Effective Instruction	Title III PartA English Lang. Acquisition	ESSER - ARP - Homeless Children and Youth (ARP-HCY)
\$ -	\$ 287,292	\$ -	\$ -	\$ 61,005	\$ 2,627
14,890	-	26,036	41,464	16,555	-
-	3,145,848	-	2,296	-	-
-	226	-	-	-	-
-	190,234	-	-	-	-
<u>14,890</u>	<u>3,623,600</u>	<u>26,036</u>	<u>43,760</u>	<u>77,560</u>	<u>2,627</u>
-	444,424	-	-	3,975	987
-	-	-	-	-	-
-	33,040	-	326	1,314	696
-	296,053	-	-	-	-
14,890	-	26,036	40,158	72,271	944
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,890</u>	<u>773,517</u>	<u>26,036</u>	<u>40,484</u>	<u>77,560</u>	<u>2,627</u>
-	190,234	-	-	-	-
-	2,659,849	-	3,276	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>2,850,083</u>	<u>-</u>	<u>3,276</u>	<u>-</u>	<u>-</u>
<u>\$ 14,890</u>	<u>\$ 3,623,600</u>	<u>\$ 26,036</u>	<u>\$ 43,760</u>	<u>\$ 77,560</u>	<u>\$ 2,627</u>

MANOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

		279	280	282
Data Control Codes		ESSER III TCLASS	ARP Homeless II	ESSER III Grant, ARP Act
	ASSETS			
1110	Cash and cash equivalents	\$ 523,654	\$ -	\$ 137,438
1240	Receivables from other governments	79,579	59,168	112,539
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1310	Inventories	-	-	-
1000	Total assets	603,233	59,168	249,977
	LIABILITIES			
2110	Accounts payable	394	9,343	-
2120	Other liabilities	-	-	-
2150	Payroll deduction and withholdings payable	12,215	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	590,624	49,825	249,977
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	603,233	59,168	249,977
	FUND BALANCES			
3410	Nonspendable: Inventories	-	-	-
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	Local grants	-	-	-
3545	Committed: Campus activities	-	-	-
3000	Total fund balances	-	-	-
4000	Total liabilities and fund balances	\$ 603,233	\$ 59,168	\$ 249,977

289	385	397	410	429	461
Other Federal Special Revenue Funds	Visually Impaired SSVI	Advanced Placement Incentives	State Textbook Fund	Other State Special Revenue Funds	Campus Activity Funds
\$ -	\$ -	\$ 204	\$ -	\$ 1,490,083	\$ 223,168
44,477	3,968	-	53,182	45,214	-
-	-	3,914	23,843	-	289,907
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,477</u>	<u>3,968</u>	<u>4,118</u>	<u>77,025</u>	<u>1,535,297</u>	<u>513,075</u>
14,900	-	-	-	-	151,494
-	-	-	-	-	18,535
219	-	-	-	32,276	-
-	-	-	-	-	-
29,358	3,968	-	77,025	1,336,555	-
-	-	-	-	-	47
-	-	4,008	-	113,490	-
<u>44,477</u>	<u>3,968</u>	<u>4,008</u>	<u>77,025</u>	<u>1,482,321</u>	<u>170,076</u>
-	-	-	-	-	-
-	-	110	-	52,976	-
-	-	-	-	-	-
-	-	-	-	-	342,999
<u>-</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>52,976</u>	<u>342,999</u>
\$ 44,477	\$ 3,968	\$ 4,118	\$ 77,025	\$ 1,535,297	\$ 513,075

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MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

Data Control Codes		499	Total
		Local Grants	Nonmajor Governmental Funds
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ 2,805,874
1240	Receivables from other governments	-	880,056
1260	Due from other funds	226,377	3,692,185
1290	Other receivables	-	226
1310	Inventories	-	190,234
1000	Total assets	226,377	7,568,575
	LIABILITIES		
2110	Accounts payable	13,057	638,574
2120	Other liabilities	-	18,535
2150	Payroll deduction and withholdings payable	242	94,435
2160	Accrued wages payable	-	296,053
2170	Due to other funds	50,872	2,991,783
2180	Due to other governments	-	47
2300	Unearned revenues	88,912	206,410
2000	Total liabilities	153,083	4,245,837
	FUND BALANCES		
3410	Nonspendable: Inventories	-	190,234
	Restricted:		
3450	Federal or state grant restriction	-	2,716,211
3490	Local grants	73,294	73,294
3545	Committed: Campus activities	-	342,999
3000	Total fund balances	73,294	3,322,738
4000	Total liabilities and fund balances	\$ 226,377	\$ 7,568,575

MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		206 ESEA Title X Part C - Education for Homeless Children	211 ESEA Title 1 Part A - Improving Basic Program	224 IDEA Part B Formula
	REVENUES			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	-
5900	Federal program	<u>26,448</u>	<u>1,433,023</u>	<u>1,749,563</u>
5020	Total revenues	<u>26,448</u>	<u>1,433,023</u>	<u>1,749,563</u>
	EXPENDITURES			
	Current:			
0011	Instruction	-	249,329	1,487,484
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	583,771	-
0021	Instructional leadership	-	44	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	262,079
0032	Social work services	26,448	55,884	-
0034	Student (pupil) transportation	-	69,659	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	844	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	<u>473,492</u>	-
6030	Total expenditures	<u>26,448</u>	<u>1,433,023</u>	<u>1,749,563</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

225	240	244	255	263	278
IDEA Part B Preschool	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, Part A Supportive Effective Instruction	Title III PartA English Lang. Acquisition	ESSER - ARP- Homeless Children and Youth (ARP-HCY)
\$ -	\$ 501,395	\$ -	\$ -	\$ -	\$ -
-	34,586	-	-	-	-
<u>44,601</u>	<u>8,930,431</u>	<u>11,452</u>	<u>236,397</u>	<u>368,000</u>	<u>3,437</u>
<u>44,601</u>	<u>9,466,412</u>	<u>11,452</u>	<u>236,397</u>	<u>368,000</u>	<u>3,437</u>
44,601	-	5,152	-	119,245	987
-	-	-	-	-	-
-	-	-	153,562	221,877	-
-	-	6,300	82,835	26,878	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,450
-	-	-	-	-	-
-	9,737,810	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,601</u>	<u>9,737,810</u>	<u>11,452</u>	<u>236,397</u>	<u>368,000</u>	<u>3,437</u>
-	(271,398)	-	-	-	-
-	<u>3,121,481</u>	-	<u>3,276</u>	-	-
<u>\$ -</u>	<u>\$ 2,850,083</u>	<u>\$ -</u>	<u>\$ 3,276</u>	<u>\$ -</u>	<u>\$ -</u>

MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2025

		279	280	282
Data Control Codes		ESSER III - TCLASS	ARP Homeless II	ESSER III Grant, ARP Act
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	-
5900	Federal program	<u>1,041,857</u>	<u>110,352</u>	<u>249,644</u>
5020	Total revenues	<u>1,041,857</u>	<u>110,352</u>	<u>249,644</u>
EXPENDITURES				
	Current:			
0011	Instruction	1,005,482	104,792	249,644
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	24,676	-	-
0021	Instructional leadership	11,699	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	-	5,560	-
0034	Student (pupil) transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	-
6030	Total expenditures	<u>1,041,857</u>	<u>110,352</u>	<u>249,644</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

289	385	397	410	429	461
Other Federal Special Revenue Funds	Visually Impaired SSVI	Advanced Placement Incentives	State Textbook Fund	Other State Special Revenue Funds	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,167
-	3,816	-	685,023	1,282,826	-
<u>262,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>262,765</u>	<u>3,816</u>	<u>-</u>	<u>685,023</u>	<u>1,282,826</u>	<u>685,167</u>
94,474	3,816	-	685,023	77,832	51
-	-	-	-	-	-
11,475	-	-	-	72,953	-
847	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	556,366	-
155,969	-	-	-	106,152	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	576,517
-	-	-	-	-	-
-	-	-	-	469,523	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>262,765</u>	<u>3,816</u>	<u>-</u>	<u>685,023</u>	<u>1,282,826</u>	<u>576,568</u>
-	-	-	-	-	108,599
<u>-</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>52,976</u>	<u>234,400</u>
\$ -	\$ -	\$ 110	\$ -	\$ 52,976	\$ 342,999

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MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-2

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

FOR THE YEAR ENDED JUNE 30, 2025

		499	Total
Data Control Codes		Local Grants	Nonmajor Governmental Funds
REVENUES			
5700	Local and intermediate sources	\$ 216,778	\$ 1,403,340
5800	State program	-	2,006,251
5900	Federal program	-	14,467,970
5020	Total revenues	216,778	17,877,561
EXPENDITURES			
Current:			
0011	Instruction	175,213	4,303,125
0012	Instructional resources and media services	16,906	16,906
0013	Curriculum and instructional staff development	7,025	1,075,339
0021	Instructional leadership	3,381	131,984
0023	School leadership	7,896	7,896
0031	Guidance, counseling and evaluation services	750	819,195
0032	Social work service	42,000	394,463
0034	Student (pupil) transportation	-	69,659
0035	Food services	-	9,737,810
0036	Extracurricular activities	6,107	582,624
0041	General administration	16,500	17,344
0052	Security and monitoring services	3,825	473,348
0061	Community services	1,104	474,596
6030	Total expenditures	280,707	18,104,289
1200	Net change in fund balances	(63,929)	(226,728)
0100	Fund balance - beginning	137,223	3,549,466
3000	Fund balance - ending	\$ 73,294	\$ 3,322,738

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELIQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2025

	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 7/1/2024
For The Year Ended June 30,	Maintenance	Debt Service		
2016 and prior years	various	various	various	\$ 327,850
2017	1.040000	0.475000	4,670,138,746	45,839
2018	1.040000	0.475000	4,893,258,086	55,758
2019	1.040000	0.475000	4,895,991,089	93,325
2020	0.970000	0.500000	5,630,810,408	247,080
2021	0.942700	0.499970	6,186,063,064	281,153
2022	0.872000	0.480000	6,419,658,961	444,322
2023	0.974600	0.377400	10,307,084,005	803,332
2024	0.691600	0.394500	11,109,717,062	1,733,377
2025	0.711300	0.370100	11,635,166,913	-
1000 Totals				<u>\$ 4,032,036</u>

8000 - Taxes refunded

EXHIBIT J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2025	Total Taxes Refunded under Section 26.1115 (c)
\$ -	\$ 1,595	\$ 729	\$ (21,385)	\$ 304,141	
-	839	383	-	44,617	
-	1,194	547	-	54,017	
-	16,101	7,354	13,457	83,327	
-	36,869	19,004	(91,951)	99,256	
-	50,876	26,983	24,074	227,368	
-	95,859	52,767	(14,400)	281,296	
-	45,516	17,626	(283,710)	456,480	
-	296,100	168,900	(750,500)	517,877	
<u>125,822,695</u>	<u>80,611,802</u>	<u>41,943,523</u>	<u>-</u>	<u>2,478,394</u>	
<u>\$ 125,822,695</u>	<u>\$ 81,156,751</u>	<u>\$ 42,237,816</u>	<u>\$ (1,124,415)</u>	<u>\$ 4,546,773</u>	
					<u>\$ 92,666</u>

MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget
		Original	Final		Positive
					(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 500,000	\$ 500,000	\$ 501,395	\$ 1,395
5800	State program	35,000	65,000	34,586	(30,414)
5900	Federal program	8,090,500	9,148,824	8,930,431	(218,393)
5020	Total revenues	8,625,500	9,713,824	9,466,412	(247,412)
EXPENDITURES					
Current:					
6035	Food service	9,017,928	11,221,624	9,737,810	1,483,814
6030	Total expenditures	9,017,928	11,221,624	9,737,810	1,483,814
1200	Net change in fund balances	(392,428)	(1,507,800)	(271,398)	1,236,402
100	Fund balance - beginning	3,121,481	3,121,481	3,121,481	-
3000	Fund balance - ending	\$ 2,729,053	\$ 1,613,681	\$ 2,850,083	\$ 1,236,402

MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

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

FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 45,000,000	\$ 45,082,010	\$ 44,859,313	\$ (222,697)
5800	State program	4,000,000	-	3,035,754	3,035,754
5020	Total revenues	49,000,000	45,082,010	47,895,067	2,813,057
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	41,125,985	41,125,985	39,995,000	1,130,985
0072	Interest on long-term debt	19,424,349	19,424,349	19,836,566	(412,217)
0073	Bond issuance costs and fees	69,015	69,015	64,346	4,669
6030	Total expenditures	60,619,349	60,619,349	59,895,912	723,437
1200	Net change in fund balances	(11,619,349)	(15,537,339)	(12,000,845)	3,536,494
0100	Fund balance - beginning	59,358,006	59,358,006	59,358,006	-
3000	Fund balance - ending	\$ 47,738,657	\$ 43,820,667	\$ 47,357,161	\$ 3,536,494

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 10,462,010
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 4,288,665

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 2,733,130
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$ 1,806,870

COMPLIANCE SECTION

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

Board of Trustees of
Manor Independent School District
Manor, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Manor Independent School District's basic financial statements, and have issued our report thereon dated December 12, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Manor Independent School District's internal control over financial reporting (internal control) as a basis for designing the auditing 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 Manor Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Manor Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

OFFICE LOCATIONS

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

Waco, Texas
December 12, 2025



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

Board of Trustees of
Manor Independent School District
Manor, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Manor 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 Manor Independent School District's major federal programs for the year ended June 30, 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 June 30, 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 District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas
December 12, 2025

MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Education Agency:			
School Breakfast Program	10.553	71402401	\$ 2,299,628
Total Assistance Listing Number 10.553			<u>2,299,628</u>
National School Lunch Program	10.555	71302401	1,063,490
National School Lunch Program	10.555	71402501	<u>4,299,005</u>
Total Passed through the Texas Education Agency			<u>7,662,123</u>
Passed through the Texas Department of Agriculture:			
Private Storage Delivery & Storage Fees	10.555	CE-227907	30,787
National School Lunch Commodities - Non-Cash Assistance	10.555	CE-227907	<u>451,673</u>
Total Assistance Listing Number 10.555			<u>5,844,955</u>
Fresh Fruits and Vegetable Program	10.582	NT4XL1YGLGC5	<u>18,332</u>
Total Child Nutrition Cluster			<u>8,162,915</u>
Local Food for Schools	10.185	n/a	55,452
Child and Adult Food Care Program	10.558	NT4XL1YGLGC5	<u>712,065</u>
Total Passed through the Texas Department of Agriculture			<u>1,268,309</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>8,930,432</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESEA, Title X, Part C - Education for the Homeless Children and Youth	84.196A	244600057110060	26,448
Title I, Part A-Improving Basic Programs	84.010A	24610101227907	276,761
Title I, Part A-Improving Basic Programs	84.010A	25610101227907	1,160,241
Title 1 1003- School Improvement	84.010A	24610141227907	1,126
School Action Fund - Continuation	84.010A	236101627110021	6,758
Title I, 1003 ESF Focused Support Grant	84.010A	25610139227907	<u>62,502</u>
Total Assistance Listing Number 84.010			<u>1,507,388</u>
IDEA - Part B, Formula	84.027A	246600012279076000	549,030
IDEA - Part B, Formula	84.027A	256600012279076000	<u>1,290,505</u>
Total Assistance Listing Number 84.027			<u>1,839,535</u>
IDEA-B Preschool	84.173A	246610012279076000	15,343
IDEA-B Preschool	84.173A	256610012279076000	<u>29,258</u>
Total Assistance Listing Number 84.173			<u>44,601</u>
Total Special Education (IDEA) Cluster			<u>1,884,136</u>
Perkins IV - Career and Technical Education	84.048A	24420006227907	9,049
Perkins IV - Career and Technical Education	84.048A	25420006227907	<u>2,403</u>
Total Assistance Listing Number 84.048			<u>11,452</u>
Title II, Part A - Supporting Effective Instruction	84.367A	24694501227907	56,455
Title II, Part A - Supporting Effective Instruction	84.367A	25694501227907	<u>191,119</u>
Total Assistance Listing Number 84.367			<u>247,574</u>
Title III, Part A - English Language Acquisition	84.365A	24671001227907	139,251
Title III, Part A - English Language Acquisition	84.365A	25671001227907	<u>248,047</u>
Total Assistance Listing Number 84.365A			<u>387,298</u>

MANOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF EDUCATION (Continued)</u>			
Passed through the Texas Education Agency (Continued):			
Homeless ARP - TEHCY Supplemental - Covid-19	84.425W	215330017110053	\$ 4,158
ARP Homeless II - Covid-19	84.425W	21533002227907	111,518
ADSY Summer Learning Accelerator - Covid-19	84.425U	21528088227907	302,007
TCLAS-ESSER III - Covid-19	84.425U	21528042227907	<u>1,041,857</u>
Total Assistance Listing Number 84.425			<u>1,459,540</u>
Title IV, Part A - Subpart 1	84.424A	24680101227907	3,375
Title IV, Part A - Subpart 1	84.424A	25680101227907	<u>256,622</u>
Total Assistance Listing Number 84.424A			<u>259,997</u>
Summer School LEP	84.369A	69552302	<u>8,181</u>
Total Passed through the Texas Education Agency			<u>5,792,014</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>5,792,014</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Health and Human Services:			
Aware Expansion	93.243	224710017110002	3,137
Medicaid Admin. Claiming Program - Medicaid Cluster	93.778	n/a	<u>40,700</u>
Total Passed through Texas Health and Human Services			<u>43,837</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>43,837</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 14,766,283</u>

MANOR INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2025

1. GENERAL

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

2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

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

4. PASS-THROUGH EXPENDITURES

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

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

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the fiscal year:

Federal revenues on the Statement of Revenues, Expenditures and	
Changes in Fund Balance Governmental Funds (Exhibit C-3)	\$ 15,490,046
School health and related services revenue	(161,356)
E-rate	<u>(562,407)</u>
Federal expenditures on the Schedule of Expenditures of	
Federal Awards (Exhibit K-1)	<u>\$ 14,766,283</u>

MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2025

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported

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

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

Identification of major programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.010	Title I, Part A
84.027 and 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee?	Yes
--	-----

**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance With Generally Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

MANOR INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

None.

MANOR INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

JUNE 30, 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (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	\$ -