MANOR INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Manor Independent School District	Travis	227-907
Name of School District	County	Co.-Dist.Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2026, at a meeting of the Board of Trustees of such school district on the 16th day of November 2026.

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)

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

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, 2026, 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, 2026, 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.

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.

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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.

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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 TEA schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Waco, Texas
_____, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the management of Manor Independent School District ("District"), discuss and analyze the District's financial performance for the fiscal year ended June 30, 2026. Please read it in conjunction with the District's financial statements which begin on page 11.

The purpose of the management's discussion and analysis (MD&A) is to help constituents of the District and other readers understand what the financial statements and notes in this financial report say about the District's financial health, and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the District's governmental activities (the primary government).

- Governmental activities comprise the District's most basic functions, such as instruction, food service, and facilities maintenance and operations. Governmental activities primarily are financed by property taxes paid by residents of the District and grants/funding from the State of Texas and the federal government.

The remaining basic financial statements present the District's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports two groups of funds:

- Governmental fund financial statements report all of the governmental activities except those that involve providing services to District departments and the external community. In addition to the District's main operating fund—the general fund—those financial statements report special revenue funds to track the use of federal and state grant funds, a debt service fund to record the repayment of outstanding bonds, and a capital projects fund to account for resources used to acquire campus building improvements, school buses, and certain other long lived assets.

- Fiduciary fund financial statements report resources for which the District acts as a custodian, including the Student Activities Fund. The resources in this fund do not belong to the District and cannot be used to provide services, which is why this fund is not included in the government-wide financial statements.

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The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements, such as certain contingencies.

TYPES OF INFORMATION

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash to long-term assets like buildings, land, and equipment.

- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

- *Deferred outflows of resources and deferred inflows of resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a District building.

More detail about the measurement focuses and bases of accounting can be found in the notes to the financial statements, the summary of significant accounting policies, beginning on page 22.

ANALYSIS OF THE DISTRICT'S FINANCES

The following table summarizes the District's net position as of June 30, 2026, and June 30, 2025.

Condensed Statements of Net Position
June 30, 2026, and 2025

	Governmental Activities		
	2026	2025	Change
Current and other assets	$ 67,902,643	$ 118,851,979	-42.87%
Capital assets	521,167,551	533,036,177	-2.23%
Total assets	589,070,194	651,888,156	-9.64%
Deferred outflows of resources	22,594,584	23,563,303	-4.11%
Total deferred outflows of resources	22,594,584	23,563,303	-4.11%
Current liabilities	16,277,012	48,069,474	-66.14%
Long-term liabilities	515,472,365	565,553,486	-8.86%
Total liabilities	531,749,377	613,622,960	-13.34%
Deferred inflows of resources	24,197,780	23,933,401	1.10%
Total deferred inflows of resources	24,197,780	23,933,401	1.10%
Net position:			
Net investment in capital assets	69,705,515	42,996,433	62.12%
Restricted	28,773,793	44,211,830	-34.92%
Unrestricted	(42,761,687)	(49,313,165)	-13.29%
Total net position	$ 55,717,621	$ 37,895,098	47.03%

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As of June 30, 2026, the District's total net position—assets and deferred outflows of resources minus liabilities and deferred inflows of resources—was $55,717,621, an increase of $16,124,340, combined with a $1,698,183 beginning balance restatement, or 47.03%, compared with the prior year.

The increase in net position was driven primarily by large increases in state program revenues as a result of prior year property tax audits that favored the District. These audits led to the District receiving additional foundation funding in the current year. Decreases in expenses in the instruction, instructional leadership, and school leadership functions due to cost-saving measures implemented by the District also led to increases in net position. The remaining year-over-year change reflects other capital asset activity, other long-term liability activity including pension and OPEB related changes, bond premium amortization, and changes in compensated absences. Overall, the change in the District's net position from fiscal year 2025 to fiscal year 2026 primarily reflected cost reductions to align service levels with available resources, capital asset depreciation, and scheduled debt repayments.

The District's net investment in capital assets was $69,705,515 at June 30, 2026. Restricted net position was $28,773,793, consisting of net position restricted for debt service and federal, state and local programs. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amounted to a deficit of $42,761,687.

Unrestricted net position includes the effects of pension and OPEB accounting, including related deferred outflows of resources, deferred inflows of resources, and long-term benefit liabilities. Excluding the combined net $60,371,470 cumulative effect of pension- and OPEB-related amounts, unrestricted net position would have been $17,609,783. The pension and OPEB-related amounts do not, by themselves, indicate that the District lacks current resources to meet its obligations; rather, they reflect the recognition of long-term benefit obligations and related deferred item.

A portion of the District's net position, $69,705,515 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.

GOVERNMENTAL ACTIVITIES

Changes in Revenue

Governmental activities increased the District's net position by $16,124,340. Revenues are generated primarily from four sources. Property taxes, state-aid formula grants, operating grants and contributions, and interest earnings represent 98.59% of total revenues. The remaining 1.41% is generated from charges for services and miscellaneous revenues.

Total governmental activities revenues increased by $13,712,775, or 9%, during fiscal year 2026. The increase was primarily attributable to more state aid as discussed earlier. Property tax revenues also experienced a minor increase.

Property tax revenue increased by $249,510, or approximately 0.20%, from $122,836,269 in fiscal year 2025 to $123,085,779 in fiscal year 2026. The District's total tax rate did not change in the current tax year. The rate remains $1.0814 per $100 of taxable value. Taxable value decreased by $185,636,952, or approximately 1.60%, from $11,635,166,913 in tax year 2024 to $11,449,529,961 in tax year 2025. The decrease in taxable value was driven by decreases in market value and a significant increase in frozen levy loss. As a result, the decrease in the tax base coupled with the same tax rate as the prior year resulted in very comparable property tax revenues to the prior year revenue for the District. Marginal increases in property tax revenues were due to above average delinquent tax collections in fiscal year 2026.

State aid - formula increased by $11,510,809, or 122%, during fiscal year 2026. The District's average daily attendance increased and ASF state funding increased as a result of higher per-student funding. There were also changes in Foundation School Program formula components and allotments that increased foundation revenue greatly as a result of prior year property tax audits ruled in favor of the District that awarded the District large amounts of additional foundation funding. These factors drove the substantial increase in the District's state funding.

Changes in Expenses

The primary functional expenses of the District are instruction, which represents 44.69% of total expenses. Food service, interest on long-term debt, school leadership, facilities maintenance and operations, and student transportation represent 6.47%, 11.97%, 3.78%, 8.74%, and 4.78%, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 5% of total expenses.

Total governmental activities expenses decreased by $7,675,252, or 4.61%. The primary drivers of the decrease were large changes in certain functions. Instruction expense decreased by $4,725,664, or 6.24%, during fiscal year 2026, primarily due to decreased payroll and related benefit costs due to the District's downsizing of personnel. School leadership expenses decreased by $1,167,741, or 16.30%, during fiscal year 2026, primarily due to restructuring of leadership at the District. Facilities maintenance and operations decreased by $2,388,650, or 14.68%, during fiscal year 2026, primarily due to lower maintenance needs during the year. The change in these expenses was the primary driver of lower expenses overall in fiscal year 2026 compared to fiscal year 2025.

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The following table summarizes changes in the District's net position for the fiscal year ended June 30, 2026, and the fiscal year ended June 30, 2025.

Comparative Schedule of Changes in Net Position

For the Years Ended June 30, 2026, and 2025

	Governmental Activities		
	2026	2025	Change
REVENUES			
Program revenues:			
Charges for services	$ 2,075,226	$ 1,759,859	17.92%
Operating grants and contributions	24,953,044	22,885,290	9.04%
Capital grants and contributions	367,350	167,430	119.41%
General revenues:			
Property taxes	123,085,779	122,836,269	0.20%
State aid - formula grants	20,916,348	9,405,539	122.38%
Investment earnings	3,182,363	3,493,971	-8.92%
Miscellaneous	379,327	698,304	-45.68%
Total revenues	174,959,437	161,246,662	8.50%
EXPENSES			
Instruction	70,982,251	75,707,915	-6.24%
Instructional resources and media services	1,092,004	1,161,781	-6.01%
Curriculum and staff development	1,775,942	1,644,181	8.01%
Instructional leadership	2,277,245	2,942,037	-22.60%
School leadership	5,998,085	7,165,826	-16.30%
Guidance, counseling, and evaluation services	3,058,413	2,966,668	3.09%
Social work services	1,259,752	1,190,164	5.85%
Health services	1,419,184	1,455,473	-2.49%
Student transportation	7,591,125	8,813,322	-13.87%
Food service	10,273,697	10,944,243	-6.13%
Extracurricular activities	7,336,872	6,961,164	5.40%
General administration	4,995,623	5,080,483	-1.67%
Facilities maintenance and operations	13,885,361	16,274,011	-14.68%
Security and monitoring services	3,975,687	3,788,952	4.93%
Data processing services	2,546,456	3,039,655	-16.23%
Community services	1,360,582	1,369,677	-0.66%
Interest on long-term debt	19,006,818	16,004,797	18.76%
Total expenses	158,835,097	166,510,349	-4.61%
CHANGE IN NET POSITION	16,124,340	(5,263,687)	-406.33%
NET POSITION, BEGINNING	37,895,098	43,988,993	-13.85%
ADJUSTMENTS/RESTATEMENTS	1,698,183	(830,208)	-304.55%
NET POSITION, ENDING	$ 55,717,621	$ 37,895,098	47.03%

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GOVERNMENTAL FUNDS

The District's governmental fund financial statements include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Much of the discussion of governmental activities also applies to these funds. However, the fund financial statements highlight certain aspects of the District's current financial condition that may be less apparent in the government-wide financial statements.

The General Fund and Debt Service Fund are reported as major funds and presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are combined into a single, aggregated presentation in these statements. Individual fund information for each nonmajor governmental fund is presented in the combining statements elsewhere in this report.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $53,313,219, a decrease of $23,161,276 in comparison with the prior year. This decrease was primarily attributable to scheduled debt service payments and the early retirement of debt in the Debt Service Fund, as well as expenditures of remaining bond proceeds for capital projects in the Capital Projects Fund.

General Fund

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 $15,095,045, which is all unassigned.

During the current fiscal year, unassigned fund balance for the General Fund increased by $2,752,547, to $15,095,045. The General Fund's fund balance experienced an increase during fiscal year 2026 primarily because revenues exceeded expenditures. This was a major change over the prior year where the District saw a steep decrease in fund balance due to excess expenditures over revenues. For the current year, there were much lower operational expenditures, including major decreases in staffing costs due to restructuring of District personnel. State revenues increased by $10,835,122, or 69.39%, primarily due to higher state foundation revenue as a result of prior year TEA audits that resulted in higher funding amounts awarded to the District. The decreases in expenditures combined with large increases in state revenues with relatively consistent local and federal revenues enabled the District to ultimately accumulate fund balance during the current fiscal year.

The Texas Education Agency recommends that school districts maintain a General Fund balance equal to 12% to 20% of annual General Fund operating expenditures. At fiscal year-end, unassigned fund balance is 13.98% of General Fund expenditures. This level is within the TEA's recommended range and provides the District with additional liquidity and flexibility to address operating needs, revenue fluctuations, and unforeseen expenditures.

Debt Service Fund

The Debt Service Fund has a total fund balance of $30,304,141, 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 $17,053,020 was attributable to scheduled debt service payments and the early retirement of debt, without additional property taxes restricted for this purpose.

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SIGNIFICANT CAPITAL AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2026, 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, 2026, and 2025.

	2026	2025
Land	$ 24,141,649	$ 24,141,649
Building & improvements	652,630,039	613,119,234
Furniture and equipment	48,464,441	40,543,026
Construction in progress	-	39,391,057
Right to use lease assets	1,128,239	1,128,239
Total	726,364,368	718,323,205
Less accumulated depreciation/amortization for:		
Buildings and improvements	(172,811,658)	(155,188,765)
Furniture and equipment	(31,688,905)	(29,689,613)
Right to use lease assets	(696,254)	(408,650)
Total accumulated depreciation	(205,196,817)	(185,287,028)
	$ 521,167,551	$ 533,036,177

Major capital asset events during the current fiscal year included the following:

- Completion of all CIP projects around the District by the end of the fiscal year. There is no construction in progress or any remaining construction commitments as of the fiscal year ended June 30, 2026.

- Increased depreciation/amortization expense as a result of completed CIP projects placed in service in their respective asset classes during the fiscal year and depreciated for the first year of their respective useful lives.

- Additional vehicles and furniture additions unrelated to the completed CIP projects.

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

Long-term Financing

At the end of the current fiscal year, the District had $458,874,468 in long-term financing debt outstanding, a decrease of $47,025,486, or 9.30%, over the previous year. A large amount of the decrease during the fiscal year is related to the District's cash defeasance of $28,955,000 of general obligation bonds.

	2026	2025
Bonds payable	$ 418,444,999	$ 461,479,999
Premium on bonds	39,977,294	43,688,332
Leases	452,175	731,623
Totals	$ 458,874,468	$ 505,899,954

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.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District is aware of the following items that will impact future finances and were considered in developing the 2026-2027 fiscal year budget.

Multiple factors were integrated into the process of budget development by the District's Administration for the 2026-2027 fiscal year that were mainly driven by the previous year fiscal management of the budget to control and maintain a balanced budget. Those factors included the following:

- Adopted a balanced FY 2026-27 budget, which was accomplished by maintaining personnel costs under 80% and operating costs at 20%.

- Decrease in the values of properties assessed within the district's boundaries by 1.5%, because of the increase to the homestead exemption from $100k to $140k and a high number of anticipated property value protests, per the appraisal district.

- The adopted M&O tax rate for FY 2026-27 decreased by 0.0059 to $0.7054 due to a minimal decrease in the Maximum Compress Rate. Property tax revenue in the adopted fiscal year 2026–27 budget is based on the following rates per $100 of taxable property value within the District:

    - Maintenance and Operation (M&O): $0.7054

    - Interest and Sinking (I&S): $0.3701

    - Total Property Tax Rate: $1.0755

    For comparison, the prior-year rates were $0.7113 for M&O and $0.3701 for I&S, for a total property tax rate of $1.0814.

- Since this is a non-legislative year, most state funding allotments remained unchanged except for the new Special Education intensity of service funding, which funding calculations are still unofficial at the state level.

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- Due to inflation being over 4% and health insurance premiums appreciating by 41%, the District did not increase employee compensation. However, the Board of Trustees authorized an increase to the health insurance employer contribution by 16% up to $590 to help offset some of the increased costs and to maintain a free plan to employee-only subscribers.

- Projected student enrollment is 0.011% over the prior year, per the District's demographer.

Additionally, the District obtained an $18.1 million short-term maintenance tax note to meet operating cash flow needs from July through November, when tax revenues are low while operating costs remain relatively constant. The District intends to repay the note before its maturity date of June 30, 2027.

The District's long-term financial goal is to maintain solvency and rebuild general operating reserves to cover at least 90 days of operations by 2028.

At the end of the current fiscal year, the General Fund reported an unassigned fund balance of $15,095,045, which is available for use at the District's discretion in future periods.

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, 2026

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 59,620,057
1225	Property taxes receivable, net	5,487,158
1240	Due from other governments	2,599,571
1290	Other receivables	5,623
1300	Inventories, at cost	190,234
	Capital assets:	
1510	Land	24,141,649
1520	Buildings and improvements, net	479,818,381
1530	Furniture and equipment, net	16,775,536
1550	Right to use assets, net	431,985
1000	Total assets	589,070,194
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred loss on bond refunding	4,881,149
1705	Related to pensions	9,748,043
1706	Related to other post-employment benefits	7,965,392
1700	Total deferred outflows of resources	22,594,584
	LIABILITIES	
2110	Accounts payable	1,910,580
2120	Other liabilities	126,680
2140	Interest payable	6,607,089
2150	Payroll deductions and withholdings payable	839,085
2160	Accrued wages payable	4,663,409
2177	Due to custodial fund	28,761
2180	Due to other governments	533
2300	Unearned revenue	2,100,875
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	13,911,574
2501	Compensated absences	1,060,922
	Due in more than one year:	
2502	Long-term debt	444,962,894
2502	Arbitrage	1,649,850
2540	Net pension liability	35,822,855
2545	Net other post-employment benefit liability	18,064,270
2000	Total liabilities	531,749,377
	DEFERRED INFLOWS OF RESOURCES	
2605	Related to pensions	3,223,102
2606	Related to other post-employment benefits	20,974,678
2600	Total deferred inflows of resources	24,197,780
	NET POSITION	
3200	Net investment in capital assets	69,705,515
	Restricted for:	
3820	Federal and state programs	3,133,523
3850	Debt service	25,371,885
3890	Local grants	268,385
3900	Unrestricted	(42,761,687)
3000	Total net position (deficit)	$ 55,717,621

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

MANOR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services
	Primary government:		
	Governmental activities:		
11	Instruction	$ 70,982,251	$ 687,901
12	Instructional resources and media services	1,092,004	-
13	Curriculum and staff development	1,775,942	-
21	Instructional leadership	2,277,245	-
23	School leadership	5,998,085	-
31	Guidance, counseling, and evaluation services	3,058,413	-
32	Social work services	1,259,752	-
33	Health services	1,419,184	-
34	Student transportation	7,591,125	-
35	Food service	10,273,697	453,903
36	Extracurricular activities	7,336,872	846,876
41	General administration	4,995,623	-
51	Facilities maintenance and operations	13,885,361	86,546
52	Security and monitoring services	3,975,687	-
53	Data processing services	2,546,456	-
61	Community services	1,360,582	-
72	Interest on long-term debt	19,006,818	-
	[TP] Total primary government	$ 158,835,097	$ 2,075,226
	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		
NB	Net position, beginning, as restated		
NE	Net position, ending		

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

Program Revenues		Net (Expenses) Revenue and Changes in in Net Position
4 Operating Grants and Contributions	4 Capital Grants and Contributions	6 Primary Gov. Governmental Activities
$ 8,013,717	$ 367,350	$ (61,913,283)
40,357	-	(1,051,647)
1,416,924	-	(359,018)
331,464	-	(1,945,781)
198,411	-	(5,799,674)
677,717	-	(2,380,696)
589,548	-	(670,204)
43,746	-	(1,375,438)
340,165	-	(7,250,960)
8,948,331	-	(871,463)
90,212	-	(6,399,784)
87,670	-	(4,907,953)
215,903	-	(13,582,912)
529,489	-	(3,446,198)
45,517	-	(2,500,939)
449,239	-	(911,343)
2,934,634	-	(16,072,184)
$ 24,953,044	$ 367,350	$ (131,439,477)
		81,010,646
		42,075,133
		20,916,348
		3,182,363
		379,327
		147,563,817
		16,124,340
		37,895,098
		1,698,183
		39,593,281
		$ 55,717,621

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MANOR INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund
	ASSETS		
1110	Cash and cash equivalents	$ 22,483,311	$ 29,429,833
1220	Property taxes - delinquent	5,061,552	2,614,834
1230	Allowance for uncollectible taxes	(1,443,504)	(745,724)
1240	Due from other governments	1,234,034	76,338
1260	Due from other funds	565,677	605,246
1290	Other receivables	748	-
1300	Inventories, at cost	-	-
1000	Total assets	27,901,818	31,980,527
	LIABILITIES		
2110	Accounts payable	739,863	-
2120	Other liabilities	103,352	-
2150	Payroll deductions and withholdings	607,728	-
2160	Accrued wages payable	4,209,760	-
2170	Due to other funds	1,978,177	1,553
2177	Due to custodial funds	28,761	-
2180	Due to other governments	-	-
2300	Unearned revenues	1,894,464	-
2000	Total liabilities	9,562,105	1,553
	DEFERRED INFLOWS OF RESOURCES		
2601	Unavailable revenue - property taxes	3,244,668	1,674,833
2600	Total deferred inflows of resources	3,244,668	1,674,833
	FUND BALANCES		
3410	Nonspendable - inventories	-	-
	Restricted:		
3450	Federal or state grant restrictions	-	-
3470	Capital acquisitions	-	-
3480	Debt service	-	30,304,141
3490	Local grants	-	-
3545	Committed - campus activities	-	-
3600	Unassigned	15,095,045	-
3000	Total fund balances	15,095,045	30,304,141
4000	Total liabilities, deferred inflows and fund balances	$ 27,901,818	$ 31,980,527

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

Other Funds	Total Governmental Funds
$ 7,706,913	$ 59,620,057
-	7,676,386
-	(2,189,228)
1,289,199	2,599,571
4,073,284	5,244,207
4,875	5,623
190,234	190,234
13,264,505	73,146,850
1,170,717	1,910,580
23,328	126,680
231,357	839,085
453,649	4,663,409
3,264,477	5,244,207
-	28,761
533	533
206,411	2,100,875
5,350,472	14,914,130
-	4,919,501
-	4,919,501
190,234	190,234
2,943,289	2,943,289
4,181,133	4,181,133
-	30,304,141
268,385	268,385
330,992	330,992
-	15,095,045
7,914,033	53,313,219
$ 13,264,505	$ 73,146,850

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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, 2026

Total fund balances - governmental funds		$ 53,313,219
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.		521,167,551
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).		4,919,501
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		(418,444,999)
Premiums on issuance		(39,977,294)
Deferred charge on refunding		4,881,149
Lease liability		(452,175)
Accrued interest payable		(6,607,089)
Arbitrage		(1,649,850)
Compensated absences		(1,060,922)
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		(35,822,855)
Deferred outflows related to pensions		9,748,043
Deferred inflows related to pensions		(3,223,102)
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		(18,064,270)
Deferred outflows related to OPEB		7,965,392
Deferred inflows related to OPEB		(20,974,678)
Net position - governmental activities		$ 55,717,621

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

MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund
	REVENUES		
5700	Local and intermediate sources	$ 82,923,952	$ 43,012,783
5800	State program	26,449,943	2,934,634
5900	Federal program	1,323,952	-
5020	Total revenues	110,697,847	45,947,417
	EXPENDITURES		
	Current:		
0011	Instruction	53,661,820	-
0012	Instructional resources and media services	557,795	-
0013	Curriculum and instructional staff development	230,929	-
0021	Instructional leadership	2,209,000	-
0023	School leadership	6,070,256	-
0031	Guidance, counseling and evaluation services	2,630,618	-
0032	Social work services	741,712	-
0033	Health services	1,457,859	-
0034	Student (pupil) transportation	5,703,523	-
0035	Food services	120,206	-
0036	Extracurricular activities	3,237,158	-
0041	General administration	3,977,137	-
0051	Facilities maintenance and operations	13,821,199	-
0052	Security and monitoring services	3,915,150	-
0053	Data processing services	2,118,542	-
0061	Community services	982,269	-
	Debt service:		
0071	Principal on long term debt	279,448	43,035,000
0072	Interest on long term debt	795,312	19,888,091
0073	Bond issuance costs and fees	-	77,346
0081	Capital outlay	-	-
	Intergovernmental:		
0093	Payments to shared service arrangements	248,028	-
0095	Payments to juvenile justice alternate education programs	25,179	-
0099	Other intergovernmental charges	5,162,160	-
6030	Total expenditures	107,945,300	63,000,437
1200	Net change in fund balances	2,752,547	(17,053,020)
0100	Fund balance - beginning, as previously reported	12,342,498	47,357,161
	Adjustments and restatements	-	-
0100	Fund balance - beginning, as restated	12,342,498	47,357,161
3000	Fund balance - ending	$ 15,095,045	$ 30,304,141

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

60 Capital Projects Fund	Other Funds	Total Governmental Funds
	$ 3,394,681	$ 129,331,416
	2,888,133	32,272,710
	13,564,461	14,888,413
	19,847,275	176,492,539
	5,525,880	59,187,700
	20,910	578,705
	1,413,618	1,644,547
	209,272	2,418,272
	4,603	6,074,859
	512,999	3,143,617
	557,053	1,298,765
	-	1,457,859
	128,575	5,832,098
	9,173,136	9,293,342
	688,313	3,925,471
	2,177	3,979,314
	327,469	14,148,668
	3,246,620	7,161,770
	936,772	3,055,314
	417,080	1,399,349
	-	43,314,448
	1,718,909	22,402,312
	-	77,346
	3,820,788	3,820,788
	-	248,028
	-	25,179
	3,904	5,166,064
	28,708,078	199,653,815
	(8,860,803)	(23,161,276)
11,753,915	3,322,738	74,776,312
(11,753,915)	13,452,098	1,698,183
-	16,774,836	76,474,495
$ -	$ 7,914,033	$ 53,313,219

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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, 2026

Net change in fund balances - total governmental funds	$ (23,161,276)
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	8,058,125
Depreciation on capital assets	(19,926,751)
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	1,669,421
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	43,314,448
Arbitrage	(487,088)
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 deferred loss on refunding bonds	(387,908)
Amortization of premium of bonds	3,711,038
Accrued interest payable	636,798
Compensated absences	(73,306)
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 $2,668,018. 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 $2,824,297. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense increased the change in net position by $195,150.	38,871
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 $529,398. 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 $565,770. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by $2,768,340.	2,731,968
Change in net position of governmental activities	$ 16,124,340

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

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

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2026

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 7,317
Due from others	28,761
Total assets	36,078
LIABILITIES	
Accounts payable	1,467
Other liabilities	313
Total liabilities	1,780
NET POSITION	
Restricted for student groups	34,298
Total net position	$ 34,298

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

MANOR INDEPENDENT SCHOOL DISTRICT **EXHIBIT E-2**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
ADDITIONS	
Student activities	$ 30,289
Total additions	30,289
DEDUCTIONS	
Payments for student groups	26,427
Total deductions	26,427
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	3,862
NET POSITION, BEGINNING	30,436
NET POSITION, ENDING	$ 34,298

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

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 utilizes 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.

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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.

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.

Nonmajor 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.

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, and 3) capital 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.

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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 within 60 days after year end. 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 E). 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

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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 refunding are presented as deferred outflows of resources. Premiums and discounts are amortized over the life of the related debt, while deferred charges on refunding are amortized over the shorter of the remaining life of the refunded debt or the life of the refunding debt. 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 resource*s 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.

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- *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 after 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 OPEB plan contributions made after the measurement date of the total OPEB 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.

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Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (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. 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% 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.

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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.

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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, 2026, the District’s cash in bank totaled $3,025,738 while the carrying value was $2,118,108. The District’s bank balances 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 2026, 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	$ 2,118,108	N/A	N/A
Texas CLASS	57,509,266	79	AAAm
Total cash and cash equivalents	$ 59,627,374		

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 the fiscal year ended June 30, 2026, due from other governments are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State entitlements	$ 1,133,867	$ 76,338	$ -	$ 1,210,205
Federal grants	16,314	-	804,617	820,931
State grants	-	-	223,194	223,194
Local government agreements	83,853	-	261,388	345,241
Total due from other governments	$ 1,234,034	$ 76,338	$ 1,289,199	$ 2,599,571

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C. Unearned Revenue

At year end, the District reported unearned revenue in the governmental funds of $2,100,875. This balance includes $1,894,464 related to unearned state program foundation revenue and $206,411 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 funds.

The composition of interfund balances as of June 30, 2026, is as follows:

Due From	Due To	Amounts
Debt service fund	General fund	$ 605,246
Nonmajor governmental funds	General fund	1,372,931
Nonmajor governmental funds	Debt service fund	1,553
General fund	Nonmajor governmental funds	565,677
Nonmajor governmental funds	Nonmajor governmental funds	2,698,800
Custodial fund	General fund	28,761
Total		$ 5,272,968

E. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2026 is as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 24,141,649	$ -	$ -	$ 24,141,649
Construction in progress	39,391,057	4,996,431	(44,387,488)	-
Total capital assets, not being depreciated	63,532,706	4,996,431	(44,387,488)	24,141,649
Capital assets, being depreciated:				
Buildings and improvements	613,119,234	1,150,163	38,360,642	652,630,039
Furniture and equipment	40,543,026	1,911,531	6,009,884	48,464,441
Right to use - equipment	1,128,239	-	-	1,128,239
Total capital assets, being depreciated	654,790,499	3,061,694	44,370,526	702,222,719
Less accumulated depreciation for:				
Buildings and improvements	(155,188,765)	(17,622,893)	-	(172,811,658)
Furniture and equipment	(29,689,613)	(2,016,254)	16,962	(31,688,905)
Right to use - equipment	(408,650)	(287,604)	-	(696,254)
Total accumulated depreciation	(185,287,028)	(19,926,751)	16,962	(205,196,817)
Total governmental activities capital assets, net	$ 533,036,177	$(11,868,626)	$ -	$ 521,167,551

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

Governmental activities:	
Instruction	$ 10,437,802
Instruction Resources & Media Services	547,498
Curriculum & Instructional Staff Development	217,546
School Leadership	307,855
Guidance, Counseling & Evaluation Services	111,680
Social Work Services	20,234
Health Services	52,987
Student (Pupil) Transportation	2,107,987
Food Services	1,288,034
Extracurricular Activities	3,548,703
General Administration	443,741
Plant Maintenance & Operations	91,110
Security & Monitoring Services	216,933
Data Processing Services	490,240
Community Services	44,401
Total depreciation expense	$ 19,926,751

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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 2025 (retired). On June 11, 2025, the District issued its Maintenance Tax Note, Series 2025 in the original principal amount of $30,145,000. The note bore interest at 3.750% and matured on June 11, 2026. The note was subject to mandatory sinking fund redemptions in 2026 totaling the full principal amount. At June 30, 2026, the entire $30,145,000 principal was paid off and no outstanding amount remains. $893,823 of interest was paid on the Series 2025 note during fiscal year 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, 2026, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds	$461,479,999	$ -	$43,035,000	$418,444,999	$13,624,999
Issuance premium on bonds	43,688,332	-	3,711,038	39,977,294	-
Lease liabilities	731,623	-	279,448	452,175	286,575
Total long-term debt	$505,899,954	$ -	$47,025,486	$458,874,468	$13,911,574
Compensated absences	987,616	73,306	-	1,060,922	1,060,922
Arbitrage	1,162,762	2,121,575	1,634,487	1,649,850	-
Net pension liability	35,371,022	451,833	-	35,822,855	-
Net OPEB liability	22,132,132	-	4,067,862	18,064,270	-
Total long-term liabilities	$565,553,486	$ 2,646,714	$52,727,835	$515,472,365	$14,972,496

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%	2027	$ 9,999
UTRB, Series 2016	18,315,000	2-5%	2033	9,325,000
UTSBB, Series 2017	29,955,000	2-5%	2046	4,610,000
UTSBB, Series 2017A	51,190,000	3-5%	2047	34,370,000
UTSBB, Series 2020	181,715,000	3-5%	2050	158,595,000
UTRB, Series 2021A	6,625,000	3-5%	2029	170,000
UTRB, Series 2021B	155,035,000	2.389-5%	2044	146,300,000
UTSBB Series 2022	77,210,000	4-5%	2052	65,065,000
				$ 418,444,999

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

Year Ended June 30,	Principal	Interest	Total Requirements
2027	$ 13,624,999	$ 16,491,661	$ 30,116,660
2028	6,795,000	15,066,411	21,861,411
2029	7,130,000	14,718,286	21,848,286
2030	7,490,000	14,358,860	21,848,860
2031	10,495,000	13,921,611	24,416,611
2032-2036	97,070,000	57,779,100	154,849,100
2037-2041	92,760,000	40,431,511	133,191,511
2042-2046	95,370,000	24,196,591	119,566,591
2047-2051	78,905,000	8,980,050	87,885,050
2052-2056	8,805,000	445,625	9,250,625
Totals	$ 418,444,999	$ 206,389,706	$ 624,834,705

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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, 2026. 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

In the current and prior years, the District defeased certain general obligation bonds by placing refunding bond proceeds or the District's own existing resources into irrevocable trust accounts to provide for all future principal and interest payments on the defeased bonds. During the year ended June 30, 2026, the District placed $31,126,304 of existing resources into an irrevocable trust to defease $28,955,000 of general obligation bonds. The trust accounts hold monetary assets that are essentially risk-free and provide cash flows sufficient to satisfy the scheduled debt service payments, and the possibility that the District will be required to make future payments on the defeased bonds is remote. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2026, $56,795,000 of defeased bonds remained outstanding and are callable between fiscal years 2027 and 2056.

Leases

The following table lists the lease liabilities and right to use lease assets as of fiscal year ended June 30, 2026.

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 06/30/26
Copiers and printers	2.70%	2024	$ 722,143	$ 11,802	$ 340,647
WAN fiber	2.19%	2023	388,504	3,470	106,474
WAN fiber	2.72%	2023	17,592	204	5,054
					$ 452,175

The future principal and interest lease payment as of June 30, 2026 are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2027	$ 286,575	$ 8,349	$ 294,924
2028	165,600	1,962	167,562
Totals	$ 452,175	$ 10,311	$ 462,486

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the District has reported an arbitrage liability at year end in the amount of $1,649,850.

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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; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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 the plan description above.

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

Contributions **-** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402.

	Contribution Rates	
	2025	2026
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		$ 3,172,218
Current fiscal year member contributions		5,986,078
2025 measurement year NECE on-behalf contributions		4,442,258

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entities. 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).

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

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

- All public schools, charter schools, and regional educational service centers must contribute 2.0% of the member's salary beginning 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 employment after retirement surcharge.

Actuarial Assumptions - The total pension liability in the August 31, 2024 actuarial valuation was rolled forward to August 31, 2025, and was determined using the following actuarial assumptions:

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2025	5.23% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2124
Inflation	2.30%
Salary Increases Including Inflation	3.20% to 9.20%
Ad Hoc Post-Employment Benefit Changes	None

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

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Discount Rate - A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% in fiscal year 2026 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 expected rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation age 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, 2025, 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			
All Country	39.00%	4.14%	2.18%
USA	0.00%	3.85%	0.00%
Non-U.S. Developed	5.00%	4.60%	0.31%
Emerging Markets	1.00%	4.71%	0.07%
Private Equity	12.00%	6.80%	1.19%
Stable Value			
Government Bonds - Nominal	10.00%	2.59%	0.33%
Government Bonds - Real	6.00%	1.97%	0.13%
Absolute Return	0.00%	3.91%	0.00%
Stable Value Hedge Funds	5.00%	1.68%	0.09%
Real Return			
Real Estate	15.00%	4.60%	0.86%
Energy, Natural Resources and Infrastructur	6.00%	4.86%	0.36%
Commodities	0.00%	2.96%	0.00%
Risk Parity	5.00%	4.38%	0.26%
Leverage			
Cash	2.00%	0.51%	0.01%
Asset Allocation Leverage	-6.00%	0.81%	-0.05%
Inflation Expectation			2.30%
Volatility Drag[4]			-0.71%
Expected Return	100.00%		7.33%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the FY2025 policy model.

[3] Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMA's

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

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Discount Rate Sensitivity Analysis - The following table presents the District's proportionate share of the net pension liability calculated using the current discount rate of 7.00%, as well as rates one percentage point lower (6.00%) and one percentage point higher (8.00%).

	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	$ 57,733,450	$ 35,822,855	$ 17,587,228

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2026, the District reported a liability of $35,822,855 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	$ 35,822,855
State's proportionate share that is associated with the District	47,809,681
Total	$ 83,632,536

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

At August 31, 2025, the employer's proportion of the collective net pension liability was 0.0569088891% which was a decrease of 0.0009964867% from its proportion measured as of August 31, 2024.

***Change of Assumptions Since the Prior Measurement Date*.**

The 2025 Texas Legislature passed HB2, which modified the future compensation structure for active employees covered by the System. As a result, a new salary increase assumption was adopted to determine the Net Pension Liability as of August 31, 2025, measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's Net Pension Liability. There have been no changes to the benefit provisions since the prior valuation.

For the year ended June 30, 2026, the District's pension expense was $9,891,933 and revenue was $4,438,489 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,149,273	$ 125,520
Changes in actuarial assumptions	3,435,490	-
Difference between projected and actual investment earnings	-	1,627,984
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,495,262	1,469,598
Contributions paid to TRS subsequent to the measurement date	2,668,018	-
Totals	$ 9,748,043	$ 3,223,102

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$2,668,018 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, 2027. 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
2027	$ 3,828,802
2028	664,077
2029	(925,460)
2030	(53,852)
2031	343,356

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public 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 88th Legislature amended the Texas Insurance Code Chapter 1575 via Senate Bill 1854 allowing TRS to offer coverage for dental and vision care to retirees. In accordance with Chapter 1575.1601, TRS established the TRS-Care Dental and TRS-Care Vision plans. TRS-Care Dental and TRS-Care Vision are optional plans that are available to retirees who are eligible for TRS-Care. This includes their dependents, surviving spouses, and surviving dependent children. Retirees do not have to be enrolled in TRS-Care medical and pharmacy plans to be eligible for TRS-Care Dental and TRS-Care Vision. The first enrollment period for the plans began in October 2024 and coverage started in January 2025.

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $381,400,000 as of August 31, 2025.

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

	TRS-Care Monthly Premium Rates			
	Medicare	Non-Medicare	TRS-Care Dental	TRS-Care Vision
Retiree or Surviving Spouse	$ 75	$ 200	$ 42	$ 7
Retiree and Spouse	280	689	83	14
Retiree or Surviving Spouse and Children	408	408	87	16
Retiree and Family	613	999	130	24

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public school district. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2026. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2025	2026
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		$ 633,623
Current fiscal year member contributions		471,635
2025 measurement year NECE on-behalf contributions		887,831

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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, 2024. Update procedures were used to roll forward the total OPEB liability to August 31, 2025. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2024 TRS pension actuarial valuation that was rolled forward to August 31, 2025:

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

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 on August 31, 2024, TRS pension actuarial valuation that was rolled forward to August 31, 2025:

Additional Actuarial Methods and Assumptions	
Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
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	3.20% to 9.20%, including inflation
Healthcare Trend Rates	The initial medical trend rate was 7.35% 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 9.00 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 14 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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 5.23% was used to measure the total OPEB liability. There was an increase of 1.36% in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance funding the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% lower than and 1% point higher than the discount rate that was used (5.23%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (4.23%)	Discount Rate (5.23%)	1% Increase in Discount Rate (6.23%)
Proportionate share of net OPEB liability	$ 21,214,594	$ 18,064,270	$ 15,468,182

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Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less or 1% greater than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	$ 14,936,613	$ 18,064,270	$ 22,035,472

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2026, the District reported a liability of $18,064,270 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	$	18,064,270
State's proportionate share that is associated with the District		23,966,249
Total	$	42,030,519

The Net OPEB Liability was measured as of August 31, 2025, and the Total OPEB Liability used to calculate the net OPEB Liability was rolled forward from an actuarial valuation as of August 31, 2024. 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, 2024, through August 31, 2025.

At August 31, 2025, the employer's proportion of the collective Net OPEB Liability was 0.0724678541%, which was a decrease of 0.0004514685% from its proportion measured as of August 31, 2024.

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

- The single discount rate changed from 3.87% as of August 31, 2024 to 5.23% as of August 31, 2025, accompanied by revised demographic and economic assumptions based on the TRS experience study.

- The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

***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, 2026, the District recognized OPEB expense of $(4,405,905) and revenue of $(2,769,105) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 3,534,079	$ 10,758,305
Changes in actuarial assumptions	2,233,800	7,419,478
Differences between projected and actual investment earnings	-	111,098
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,668,115	2,685,797
Contributions paid to OPEB subsequent to the measurement date	529,398	-
Totals	$ 7,965,392	$ 20,974,678

$529,398 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, 2027. 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
2027	$ (2,895,378)
2028	(3,281,252)
2029	(3,046,142)
2030	(1,898,971)
2031	(1,387,356)
Thereafter	(1,029,585)

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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, 2026, 2025, and 2024, the subsidy payments received by TRS-Care on behalf of the District were $593,643, $565,533, and $435,431, respectively as equal revenues and expenditures.

K. Workers' Compensation Pool

During the year ended June 30, 2026, Manor ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2025, the Fund carries a discounted reserve of $50,816,828 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended June 30, 2026, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2025, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

L. Unemployment Compensation Pool

During the year ended June 30, 2026, Manor ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2026, the Fund anticipates that Manor ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2025, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

M. 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.

N. 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.

O. 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.

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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 2026, the District has two active agreements with Samsung. The agreements did not impact fiscal year 2026 and will impact future fiscal periods.

P. Adjustments and Restatements

***Restatements - Error Corrections*.** In the prior year, the District overstated expenditures related to district-wide capital projects. This overstatement was corrected with a restatement of beginning fund balance in the current fiscal year increasing the beginning fund balance of the capital projects fund by $1,698,183.

***Adjustments - Changes within the financial reporting entity*.** For the current year, the District reported a change in its financial reporting entity. The District previously reported the Capital Projects Fund as a major governmental fund. In the prior year, that classification was based on certain quantitative factors the fund had exceeded, in addition to management's conclusion that the fund was significant enough to merit presentation as a major fund for qualitative purposes. However, the quantitative threshold was not surpassed in the current year following the aforementioned error correction, which resulted in the fund being reclassified as a nonmajor fund. The Capital Projects Fund had an adjustment to beginning fund balance in the amount of $13,452,098 with a reciprocal adjustment reflected in the beginning fund balance of the District's nonmajor governmental funds.

Adjustments to and Restatements of Beginning Balances. During fiscal year 2026, the error corrections and changes in the financial reporting entity, described above, resulted in adjustments to and restatements of beginning net position and beginning fund balance, as follows:

	6/30/2025 As Previously Reported	Error Correction	Change from Major to Nonmajor Fund	6/30/2025 As Restated
General fund	$ 12,342,498	$ -	$ -	$ 12,342,498
Debt service fund	47,357,161	-	-	47,357,161
Capital projects fund	11,753,915	1,698,183	(13,452,098)	-
Nonmajor governmental funds	3,322,738	-	13,452,098	16,774,836
Total governmental funds	$ 74,776,312	$ 1,698,183	$ -	$ 76,474,495
Governmental activities	$ 37,895,098	$ 1,698,183	$ -	$ 39,593,281
Total primary government	$ 37,895,098	$ 1,698,183	$ -	$ 39,593,281

Q. Subsequent Events

On July 8, 2026, the District issued $18,120,000 in Maintenance Tax Notes, Series 2026, pursuant to a resolution adopted by the Board of Trustees on June 15, 2026. The tax notes bear interest at 3.420% and mature on June 30, 2027. The tax notes are payable from limited maintenance and operations taxes and other lawfully available funds. The proceeds will be used to meet operating cash flow needs from July through November, when tax revenues are low while operating costs remain relatively constant.

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R. 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. 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance With Original Budget Over (Under) Final Budget	Actual Amounts	Variance With Final Budget Over (Under) Actual
	REVENUES					
5700	Local and intermediate sources	$ 88,269,224	$ 81,640,000	$ (6,629,224)	$ 82,923,952	$ 1,283,952
5800	State program	12,372,381	25,937,000	13,564,619	26,449,943	512,943
5900	Federal program	275,000	1,350,000	1,075,000	1,323,952	(26,048)
5020	Total revenues	100,916,605	108,927,000	8,010,395	110,697,847	1,770,847
	EXPENDITURES					
	Current:					
0011	Instruction	44,346,798	50,708,900	6,362,102	53,661,820	(2,952,920)
0012	Instructional resources and media services	663,259	605,627	(57,632)	557,795	47,832
0013	Curriculum and instructional staff development	190,590	512,367	321,777	230,929	281,438
0021	Instructional leadership	2,178,158	2,458,558	280,400	2,209,000	249,558
0023	School leadership	6,336,296	6,231,211	(105,085)	6,070,256	160,955
0031	Guidance, counseling and evaluation services	2,566,501	2,458,792	(107,709)	2,630,618	(171,826)
0032	Social work services	764,044	866,143	102,099	741,712	124,431
0033	Health services	1,342,633	1,410,696	68,063	1,457,859	(47,163)
0034	Student (pupil) transportation	6,698,874	6,093,349	(605,525)	5,703,523	389,826
0035	Food services	648	97,710	97,062	120,206	(22,496)
0036	Extracurricular activities	2,807,102	3,053,973	246,871	3,237,158	(183,185)
0041	General administration	4,077,815	4,011,633	(66,182)	3,977,137	34,496
0051	Facilities maintenance and operations	14,812,910	13,767,925	(1,044,985)	13,821,199	(53,274)
0052	Security and monitoring services	4,687,597	4,045,670	(641,927)	3,915,150	130,520
0053	Data processing services	2,371,045	2,169,546	(201,499)	2,118,542	51,004
0061	Community services	985,429	951,036	(34,393)	982,269	(31,233)
	Debt Service:					
0071	Principal on long term debt	191,000	192,795	1,795	279,448	(86,653)
0072	Interest on long term debt	893,823	838,205	(55,618)	795,312	42,893
	Intergovernmental:					
0093	Payments to shared service arrangement	-	248,028	248,028	248,028	-
0095	Payments to juvenile justice education programs	-	25,179	25,179	25,179	-
0099	Other intergovernmental charges	5,002,083	4,801,543	(200,540)	5,162,160	(360,617)
6030	Total expenditures	100,916,605	105,548,886	4,632,281	107,945,300	(2,396,414)
1100	Excess (deficiency) of revenues over (under) expenditures	-	3,378,114	3,378,114	2,752,547	(625,567)
	OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	300,000	300,000	-	(300,000)
7080	Total other financing sources (uses)	-	300,000	300,000	-	(300,000)
1200	Net change in fund balances	-	3,678,114	3,678,114	2,752,547	(925,567)
0100	Fund balance - beginning	12,342,498	12,342,498	-	12,342,498	-
3000	Fund balance - ending	$ 12,342,498	$ 16,020,612	$ 3,678,114	$ 15,095,045	$ (925,567)

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The District adopts annual appropriations type budgets for the General Fund, National Breakfast and Lunch Program 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's budget-to-actual schedule is presented in Exhibit G-1, and the budget-to-actual schedules for the other funds are presented in Exhibits J-2 and J-3.

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, 2026.

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, 2025. 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.

Expenditures over Appropriations

For the year ended June 30, 2026, the District's expenditures exceeded appropriations in the general fund as follows:

Instruction	$ 2,952,920
Guidance, counseling and evaluation services	171,826
Health services	47,163
Food services	22,496
Extracurricular activities	183,185
Facilities maintenance and operations	53,274
Community services	31,233
Principal on long-term debt	86,653
Other intergovernmental charges	360,617

For the year ended June 30, 2026, the District's expenditures exceeded appropriations in the debt service fund as follows:

Interest on long-term debt	$ 1,140,643

Expenditures exceeding budgeted amounts were funded by current-year resources not budgeted for expenditure in the General Fund and by existing fund balance in the Debt Service Fund.

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General Fund Budgetary Highlights

Original budget compared to final budget. The most significant variances from the original budget to the final amended budget were as follows:

Source of Revenue	Explanation of Variance	Variance Over (Under)
Local and intermediate sources	The original budget was amended to a much lower final budgeted amount as a result of the adopted budget, which was adopted in June, was based of the preliminary property value estimates with the new $140k homestead exemption and a significant amount of expected value protest according to the appraisal district. During July the revenue was readjusted based on the actual certified values, which reflected a decrease in the appraisal value by -1%. During the spring, the district begin receiving TCAD aircraft tax unbudgeted one-time revenue, but the property tax revenue was not readjusted to reflect this new influx of revenue.	$ (6,629,224)
State programs	The original budget was amended due to an increase among the two state funding estimates that are based on different state funding templates and adjustments to the funding formulas. The District was awarded higher allotments. The increase was also due to the loss in state property value, due to the increase in the HSE to $140k and the gain in state revenue, which was almost equivalent.	13,564,619
Federal programs	The original budget was amended due to an increase in various federal programs. This was mainly due to the prior year appealed SHARS cost report settlement payments that the District received, which were not anticipated or accounted for in the original budget due to uncertainty of this revenue.	1,075,000

Expenditures	Explanation of Variance	Variance Over (Under)
Function 11	The original budget was amended for increases in accrued payroll and other unencumbered invoices that were also paid during the summer after the end of the fiscal year.	$ 6,362,102
Function 34	The original budget was amended for decreases in function 34 expenses due to expected reclassifications of some summer school salaries from the General Fund into the Title I fund. Transportation savings due to the implementation of hub zones were also included in the budget amendments as costs were expected to decrease.	(605,525)
Function 51	The original budget was amended for decreases in function 51 due to the implementation of various cost saving measures in contracted services, maintenance and custodial supplies, etc. that were approved after the original budget was adopted.	(1,044,985)
Function 52	The original budget was amended for decreases in function 52 due to the implementation of various cost saving measures in technology, software, and the reclassification of security equipment purchases into the bond that were approved after the original budget was adopted.	(641,927)

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Final budget compared to actual results. The most significant variances between final budgeted revenues and expenditures and actual results were as follows:

Source of Revenue	Explanation of Variance	Variance Over (Under)
Local and intermediate sources	Local revenues were greater than the final budget because the adopted budget, which was adopted in June, was based of the preliminary value estimates with the new $140k homestead exemption and a significant amount of value protest according to the appraisal district. During July the revenue was readjusted based on the actual certified value, which reflected a decrease in the appraisal value by 1%. During the spring, the district began receiving TCAD aircraft tax unbudgeted one-time revenue, but the property tax revenue was not readjusted to reflect this new influx of revenue. Ultimately, the revenues received were greater than what could be estimated.	$ 1,283,952
State programs	State program revenues were greater than the final budget primarily because the two state funding estimates are based on different state funding templates and adjustments to the funding formulas. Prior year property tax audits resulted in favorable increases to the District's foundation allotments. The increase was also due to the loss in state property value, due to the increase in the HSE to $140k and the gain in state revenue, which was almost equivalent.	512,943

Expenditures	Explanation of Variance	Variance Over (Under)
Function 11	Expenditures in function 11 were much higher than the final budgeted amounts because of increases in accrued payroll. Other unencumbered invoices were also paid during the summer after the end of the fiscal year.	$ (2,952,920)
Function 13	Expenditures in function 13 were much lower than the final budgeted amounts because of payments of unencumbered invoices during the summer after the end of the fiscal year and the correction to the posting of the accrued payroll.	281,438
Function 21	Expenditures in function 21 were much lower than the final budgeted amounts because of payments of unencumbered invoices during the summer after the end of the fiscal year and the correction to the posting of the accrued payroll.	249,558
Function 34	Expenditures in function 34 were much lower than the final budgeted amounts because of the reclassification of some summer school salaries into the Title I grant fund. Transportation expenditures were much less due to the implementation of hub zones around the District that helped cut costs. Ultimately, actual costs incurred were much less than what was budgeted.	389,826
Function 99	Expenditures in function 99 were much higher than the final budgeted amounts due to the final estimate payment to Third Future (MMS charter school campus). The final estimate payment was higher than originally anticipated.	(360,617)

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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, 2026

	2025	2024	2023
District's proportion of the net pension liability (asset)	0.0569089%	0.0579000%	0.0598000%
District's proportionate share of net pension liability (asset)	$ 35,822,855	$ 35,371,022	$ 41,062,411
States proportionate share of the net pension liability (asset) associated with the District	47,809,681	48,035,336	53,907,183
Total	$ 83,632,536	$ 83,406,358	$ 94,969,594
District's covered payroll	$ 79,663,651	$ 76,313,645	$ 75,765,103
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	44.97%	46.35%	54.20%
Plan fiduciary net position as a percentage of the total pension liability	78.24%	77.51%	73.15%
Plan's net pension liability as a percentage of covered payroll	104.98%	109.29%	122.32%

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2022	2021	2020	2019	2018	2017	2016
0.0561000%	0.0507000%	0.0530000%	0.0612000%	0.0599000%	0.0545000%	0.0585000%
$ 33,301,046	$ 12,910,709	$ 28,362,529	$ 31,793,033	$ 32,953,005	$ 17,423,755	$ 22,092,768
43,779,245	21,773,959	47,645,326	43,607,318	45,591,662	28,233,322	33,022,025
$ 77,080,291	$ 34,684,668	$ 76,007,855	$ 75,400,351	$ 78,544,667	$ 45,657,077	$ 55,114,793
$ 69,754,411	$ 65,195,080	$ 65,795,575	$ 63,455,415	$ 59,939,410	$ 57,223,710	$ 57,282,739
47.74%	19.80%	43.11%	50.10%	54.98%	30.45%	38.57%
75.65%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%
112.72%	51.08%	110.36%	114.93%	126.11%	75.93%	92.75%

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MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2026

	Fiscal Year Ended June 30,		
	2026	2025	2024
Contractually required contribution	$ 3,172,218	$ 2,774,652	$ 3,206,707
Contribution in relation to the contractually required contribution	(3,172,218)	(2,774,652)	(3,206,707)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 72,562,228	$ 80,759,571	$ 78,516,896
Contributions as a percentage of covered payroll	4.37%	3.44%	4.08%

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Fiscal Year Ended June 30,						
2023	2022	2021	2020	2019	2018	2017
$ 3,054,028	$ 2,536,488	$ 2,155,638	$ 2,187,009	$ 2,182,736	$ 2,058,940	$ 1,695,335
(3,054,028)	(2,536,488)	(2,155,638)	(2,187,009)	(2,182,736)	(2,058,940)	(1,695,335)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 75,102,189	$ 68,851,471	$ 64,695,584	$ 65,770,930	$ 62,950,545	$ 61,951,863	$ 54,437,245
4.07%	3.68%	3.33%	3.33%	3.47%	3.32%	3.11%

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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, 2026

	2025	2024	2023
District's proportion of the net OPEB liability (asset)	0.0724679%	0.0729000%	0.0734000%
District's proportionate share of net OPEB liability (asset)	$ 18,064,270	$ 22,132,132	$ 16,259,814
States proportionate share of the net OPEB liability (asset) associated with the District	23,966,249	27,731,261	19,619,965
Total	$ 42,030,519	$ 49,863,393	$ 35,879,779
District's covered payroll	$ 79,644,222	$ 76,306,708	$ 75,765,103
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	22.68%	29.00%	21.46%
Plan fiduciary net position as a percentage of the total OPEB liability	18.26%	13.70%	14.94%
Plan's net OPEB liability as a percentage of covered-employee payroll	52.77%	65.35%	51.86%

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

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2022	2021	2020	2019	2018	2017
0.0725000%	0.0701000%	0.0749000%	0.0794000%	0.0763000%	0.0751000%
$ 17,364,357	$ 27,054,715	$ 28,463,653	$ 37,541,156	$ 38,077,606	$ 32,654,012
21,181,787	36,247,289	38,248,327	49,883,799	51,207,637	45,260,096
$ 38,546,144	$ 63,302,004	$ 66,711,980	$ 87,424,955	$ 89,285,243	$ 77,914,108
$ 69,754,411	$ 65,195,080	$ 65,795,575	$ 63,455,415	$ 59,939,410	$ 57,223,710
24.89%	41.50%	43.26%	59.16%	63.53%	57.06%
11.52%	6.18%	4.99%	2.66%	1.57%	0.91%
59.10%	100.13%	101.46%	135.21%	146.64%	136.16%

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MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2026

	Fiscal Year Ended June 30,		
	2026	2025	2024
Contractually required contribution	$ 633,623	$ 676,626	$ 655,389
Contribution in relation to the contractually required contribution	(633,623)	(676,626)	(655,389)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 72,562,228	$ 80,733,206	$ 78,516,896
Contributions as a percentage of covered-employee payroll	0.87%	0.84%	0.83%

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Fiscal Year Ended June 30,						
2023	2022	2021	2020	2019	2018	2017
$ 625,279	$ 574,112	$ 472,858	$ 571,426	$ 568,234	$ 536,486	$ 372,044
(625,279)	(574,112)	(472,858)	(571,426)	(568,234)	(536,486)	(372,044)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 75,102,189	$ 68,851,471	$ 64,695,584	$ 65,770,930	$ 62,950,545	$ 61,951,863	$ 54,437,245
0.83%	0.83%	0.73%	0.87%	0.90%	0.87%	0.68%

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COMBINING STATEMENTS

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MANOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2026

Data Control Codes		Special Revenue Funds 206 ESEA Title X Part-C Education for Homeless Children	211 ESEA Title 1 Part A - Improving Basic Program	224 IDEA Part B Formula
	ASSETS			
1110	Cash and cash equivalents	$ 4,542	$ -	$ 379,574
1240	Receivables from other governments	8,291	298,147	1,105
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1310	Inventories, at cost	-	-	-
1000	Total assets	12,833	298,147	380,679
	LIABILITIES			
2110	Accounts payable	3,779	282	-
2120	Other liabilities	-	-	-
2150	Payroll deduction and withholdings payable	2,089	29,916	17,567
2160	Accrued wages payable	-	46,887	97,572
2170	Due to other funds	6,965	221,062	265,540
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	12,833	298,147	380,679
	FUND BALANCES			
3410	Nonspendable - inventories	-	-	-
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3470	Capital acquisitions	-	-	-
3490	Local grants	-	-	-
3545	Committed - campus activities	-	-	-
3000	Total fund balances	-	-	-
4000	Total liabilities and fund balances	$ 12,833	$ 298,147	$ 380,679

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Special Revenue Funds					
225	226	240	244	255	263
IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, Part A Supportive Effective Instruction	Title III PartA English Lang. Acquisition
$ -	$ -	$ 61,774	$ 5,770	$ -	$ 53,330
14,890	205,102	95,131	21,044	56,931	35,517
-	-	3,145,848	-	2,296	-
-	-	4,875	-	-	-
-	-	190,234	-	-	-
14,890	205,102	3,497,862	26,814	59,227	88,847
-	-	12,571	-	-	4,580
-	4,793	-	-	-	-
-	-	140,799	-	834	5,381
-	-	301,797	778	-	6,615
14,890	200,309	-	26,036	55,117	72,271
-	-	-	-	-	-
-	-	-	-	-	-
14,890	205,102	455,167	26,814	55,951	88,847
-	-	190,234	-	-	-
-	-	2,852,461	-	3,276	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,042,695	-	3,276	-
$ 14,890	$ 205,102	$ 3,497,862	$ 26,814	$ 59,227	$ 88,847

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MANOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Data Control Codes		Special Revenue Funds 289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
	ASSETS			
1110	Cash and cash equivalents	$ -	$ -	$ 205
1240	Receivables from other governments	68,459	5,436	-
1260	Due from other funds	-	-	3,914
1290	Other receivables	-	-	-
1310	Inventories, at cost	-	-	-
1000	Total assets	68,459	5,436	4,119
	LIABILITIES			
2110	Accounts payable	200	-	-
2120	Other liabilities	-	-	-
2150	Payroll deduction and withholdings payable	2,252	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	43,903	5,436	-
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	4,009
2000	Total liabilities	46,355	5,436	4,009
	FUND BALANCES			
3410	Nonspendable - inventories	-	-	-
	Restricted:			
3450	Federal or state grant restriction	22,104	-	110
3470	Capital acquisitions	-	-	-
3490	Local grants	-	-	-
3545	Committed - campus activities	-	-	-
3000	Total fund balances	22,104	-	110
4000	Total liabilities and fund balances	$ 68,459	$ 5,436	$ 4,119

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Special Revenues Funds			
410	429	461	499
State Textbook Fund	Other State Special Revenue Funds	Campus Activity Funds	Local Grants
$ 87,515	$ 1,302,064	$ 64,394	$ 132,959
-	217,758	-	261,388
23,843	-	289,907	226,377
-	-	-	-
-	-	-	-
111,358	1,519,822	354,301	620,724
6,495	-	4,241	125,291
-	-	18,535	-
-	32,277	-	242
-	-	-	-
77,025	1,336,555	-	137,894
-	-	533	-
-	113,490	-	88,912
83,520	1,482,322	23,309	352,339
-	-	-	-
27,838	37,500	-	-
-	-	-	-
-	-	-	268,385
-	-	330,992	-
27,838	37,500	330,992	268,385
$ 111,358	$ 1,519,822	$ 354,301	$ 620,724

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2026

Data Control Codes		699 Capital Projects Fund	Total Nonmajor Governmental Funds
	ASSETS		
1110	Cash and cash equivalents	$ 5,614,786	$ 7,706,913
1240	Receivables from other governments	-	1,289,199
1260	Due from other funds	381,099	4,073,284
1290	Other receivables	-	4,875
1310	Inventories, at cost	-	190,234
1000	Total assets	5,995,885	13,264,505
	LIABILITIES		
2110	Accounts payable	1,013,278	1,170,717
2120	Other liabilities	-	23,328
2150	Payroll deduction and withholdings payable	-	231,357
2160	Accrued wages payable	-	453,649
2170	Due to other funds	801,474	3,264,477
2180	Due to other governments	-	533
2300	Unearned revenues	-	206,411
2000	Total liabilities	1,814,752	5,350,472
	FUND BALANCES		
3410	Nonspendable - inventories	-	190,234
	Restricted:		
3450	Federal or state grant restriction	-	2,943,289
3470	Capital acquisitions	4,181,133	4,181,133
3490	Local grants	-	268,385
3545	Committed - campus activities	-	330,992
3000	Total fund balances	4,181,133	7,914,033
4000	Total liabilities and fund balances	$ 5,995,885	$ 13,264,505

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MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Special Revenue Funds		
		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	20,133	1,778,714	1,761,612
5020	Total revenues	20,133	1,778,714	1,761,612
	EXPENDITURES			
	Current:			
0011	Instruction	34	332,637	1,249,015
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	867,846	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	1,797	-
0031	Guidance, counseling and evaluation services	-	-	512,597
0032	Social work services	20,099	111,234	-
0034	Student (pupil) transportation	-	45,831	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	2,177	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	413,288	-
	Debt service:			
0072	Interest on long term debt	-	-	-
0081	Capital outlay	-	-	-
	Intergovernmental:			
0099	Other intergovernmental charges	-	3,904	-
6030	Total expenditures	20,133	1,778,714	1,761,612
1200	Net change in fund balances	-	-	-
0100	Fund balance - beginning, as previously reported	-	-	-
	Adjustments and restatements	-	-	-
0100	Fund balance - beginning, as restated	-	-	-
3000	Fund balance - ending	$ -	$ -	$ -

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Special Revenue Funds					
225	226	240	244	255	263
IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	Title II, Part A Supportive Effective Instruction	Title III PartA English Lang. Acquisition
$ -	$ -	$ 467,506	$ -	$ -	$ -
-	-	35,039	-	-	-
995	205,102	8,863,203	9,416	363,546	276,451
995	205,102	9,365,748	9,416	363,546	276,451
995	128,146	-	9,416	34,083	115,492
-	-	-	-	-	-
-	-	-	-	162,074	160,959
-	-	-	-	167,389	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	76,956	-	-	-	-
-	-	9,173,136	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
995	205,102	9,173,136	9,416	363,546	276,451
-	-	192,612	-	-	-
-	-	2,850,083	-	3,276	-
-	-	-	-	-	-
-	-	2,850,083	-	3,276	-
$ -	$ -	$ 3,042,695	$ -	$ 3,276	$ -

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MANOR INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2026

		Special Revenue Funds		
		289	385	397
Data Control Codes		Other Federal Special Revenue Funds	Visually Impaired SSVI	Advanced Placement Incentives
	REVENUES			
5700	Local and intermediate sources	$ -	$ -	$ -
5800	State program	-	5,284	-
5900	Federal program	285,289	-	-
5020	Total revenues	285,289	5,284	-
	EXPENDITURES			
	Current:			
0011	Instruction	20,903	5,284	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	7,027	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	235,255	-	-
0034	Student (pupil) transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Debt service:			
0072	Interest on long term debt	-	-	-
0081	Capital outlay	-	-	-
	Intergovernmental:			
0099	Other intergovernmental charges	-	-	-
6030	Total expenditures	263,185	5,284	-
1200	Net change in fund balances	22,104	-	-
0100	Fund balance - beginning, as previously reported	-	-	110
	Adjustments and restatements	-	-	-
0100	Fund balance - beginning, as restated	-	-	110
3000	Fund balance - ending	$ 22,104	$ -	$ 110

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Special Revenue Funds			
410	429	461	499
State Textbook Fund	Other State Special Revenue Funds	Campus Activity Funds	Local Grants
$ -	$ -	$ 649,033	$ 1,910,792
1,221,464	1,626,346	-	-
-	-	-	-
1,221,464	1,626,346	649,033	1,910,792
1,193,626	875,110	-	1,561,139
-	-	-	20,910
-	209,492	-	6,220
-	40,500	-	1,383
-	-	-	2,806
-	-	-	402
-	104,477	-	85,988
-	-	-	5,788
-	-	-	-
-	-	661,040	27,273
-	-	-	-
-	-	-	-
-	412,243	-	-
-	-	-	-
-	-	-	3,792
-	-	-	-
-	-	-	-
-	-	-	-
1,193,626	1,641,822	661,040	1,715,701
27,838	(15,476)	(12,007)	195,091
-	52,976	342,999	73,294
-	-	-	-
-	52,976	342,999	73,294
$ 27,838	$ 37,500	$ 330,992	$ 268,385

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

FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		699 Capital Projects Fund	Total Nonmajor Governmental Funds
	REVENUES		
5700	Local and intermediate sources	$ 367,350	$ 3,394,681
5800	State program	-	2,888,133
5900	Federal program	-	13,564,461
5020	Total revenues	367,350	19,847,275
	EXPENDITURES		
	Current:		
0011	Instruction	-	5,525,880
0012	Instructional resources and media services	-	20,910
0013	Curriculum and instructional staff development	-	1,413,618
0021	Instructional leadership	-	209,272
0023	School leadership	-	4,603
0031	Guidance, counseling and evaluation services	-	512,999
0032	Social work services	-	557,053
0034	Student (pupil) transportation	-	128,575
0035	Food services	-	9,173,136
0036	Extracurricular activities	-	688,313
0041	General administration	-	2,177
0051	Facilities maintenance and operations	327,469	327,469
0052	Security and monitoring services	2,834,377	3,246,620
0053	Data processing services	936,772	936,772
0061	Community services	-	417,080
	Debt service:		
0072	Interest on long term debt	1,718,909	1,718,909
0081	Capital outlay	3,820,788	3,820,788
	Intergovernmental:		
0099	Other intergovernmental charges	-	3,904
6030	Total expenditures	9,638,315	28,708,078
1200	Net change in fund balances	(9,270,965)	(8,860,803)
0100	Fund balance - beginning, as previously reported	-	3,322,738
	Adjustments and restatements	13,452,098	13,452,098
0100	Fund balance - beginning, as restated	13,452,098	16,774,836
3000	Fund balance - ending	$ 4,181,133	$ 7,914,033

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

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MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2026

For The Year Ended June 30,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Net Assessed/ Appraised Value for School Tax Purpose	10 Beginning Balance 7/1/2025
2017 and prior years	various	various	various	$ 348,758
2018	1.040000	0.475000	4,893,258,086	54,017
2019	1.040000	0.475000	4,895,991,089	83,327
2020	0.970000	0.500000	5,630,810,408	99,256
2021	0.942700	0.499970	6,186,063,064	227,368
2022	0.872000	0.480000	6,419,658,961	281,296
2023	0.974600	0.377400	10,307,084,005	456,480
2024	0.691600	0.394500	11,109,717,062	517,877
2025	0.711300	0.370100	11,635,166,913	2,478,394
2026	0.711300	0.370100	11,449,529,961	-
1000 Totals				$ 4,546,773

8000 - Taxes refunded

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20	31	32	40	50	99
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2026	Total Taxes Refunded under Section 26.1115 (c)
$ -	$ 18,451	$ 8,427	$ (53,621)	$ 268,259	
-	2,107	963	5,474	56,421	
-	3,903	1,782	5,506	83,148	
-	5,534	2,852	21,746	112,616	
-	40,981	21,735	72,441	237,093	
-	75,832	41,743	97,463	261,184	
-	20,184	7,816	(59,603)	368,877	
-	187,885	107,173	366,551	589,370	
-	585,823	304,812	(89,300)	1,498,459	
123,815,217	78,183,689	40,680,140	(750,429)	4,200,959	
$ 123,815,217	$ 79,124,389	$ 41,177,443	$ (383,772)	$ 7,676,386	
					$ 80,677

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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, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual
	REVENUES					
5700	Local and intermediate sources	$ 632,000	$ 632,000	$ -	$ 467,506	$ (164,494)
5800	State program	40,000	40,000	-	35,039	(4,961)
5900	Federal program	9,700,000	9,700,000	-	8,863,203	(836,797)
5020	Total revenues	10,372,000	10,372,000	-	9,365,748	(1,006,252)
	EXPENDITURES					
	Current:					
0035	Food service	10,160,377	10,314,714	154,337	9,173,136	1,141,578
6030	Total expenditures	10,160,377	10,314,714	154,337	9,173,136	1,141,578
1200	Net change in fund balances	211,623	57,286	(154,337)	192,612	135,326
100	Fund balance - beginning	2,850,083	2,850,083	-	2,850,083	-
3000	Fund balance - ending	$ 3,061,706	$ 2,907,369	$ (154,337)	$ 3,042,695	$ 135,326

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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, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual
	REVENUES					
5700	Local and intermediate sources	$ 44,311,721	$ 44,311,721	$ -	$ 43,012,783	$ (1,298,938)
5800	State program	3,035,664	3,035,664	-	2,934,634	(101,030)
5020	Total revenues	47,347,385	47,347,385	-	45,947,417	(1,399,968)
	EXPENDITURES					
	Debt service:					
0071	Principal on long-term debt	41,080,000	45,206,305	4,126,305	43,035,000	2,171,305
0072	Interest on long-term debt	18,747,448	18,747,448	-	19,888,091	(1,140,643)
0073	Bond issuance costs and fees	30,000	90,097	60,097	77,346	12,751
6030	Total expenditures	59,857,448	64,043,850	4,186,402	63,000,437	1,043,413
1200	Net change in fund balances	(12,510,063)	(16,696,465)	(4,186,402)	(17,053,020)	(356,555)
0100	Fund balance - beginning	47,357,161	47,357,161	-	47,357,161	-
3000	Fund balance - ending	$ 34,847,098	$ 30,660,696	$ (4,186,402)	$ 30,304,141	$ (356,555)

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MANOR INDEPENDENT SCHOOL DISTRICT **EXHIBIT J-4**

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2026

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.	$	2,839,639
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$	4,453,561

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COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

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 ("District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2026.

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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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.

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

AICPA GAQC Member

Compliance and Other Matters

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

Purpose of this Report

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

Waco, Texas
_____, 2026

DRAFT

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

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 ("District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2026. 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, 2026.

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Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS
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NEW MEXICO | Albuquerque

AICPA GAQC Member

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.

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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.

Waco, Texas
_____, 2026

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2026

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U . S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Education Agency:			
School Breakfast Program	10.553	71402501	$ 445,784
School Breakfast Program	10.553	71402601	1,682,176
Total Assistance Listing Number 10.553			2,127,960
National School Lunch Program	10.555	71302501	1,141,464
National School Lunch Program	10.555	71302601	4,199,734
Total Passed through the Texas Education Agency			7,469,158
Passed through the Texas Department of Agriculture:			
Private Storage Delivery & Storage Fees	10.555	CE-227907	24,431
National School Lunch Commodities - Non-Cash Assistance	10.555	CE-227907	511,444
Total Assistance Listing Number 10.555			5,877,073
Fresh Fruits and Vegetable Program	10.582	NT4XL1YGLGC5	14,985
Total Child Nutrition Cluster			8,020,018
Child and Adult Food Care Program	10.558	NT4XL1YGLGC5	843,185
Total Passed through the Texas Department of Agriculture			1,394,045
TOTAL U. S. DEPARTMENT OF AGRICULTURE			8,863,203
U . S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	25610101227907	582,680
Title I, Part A-Improving Basic Programs	84.010A	26610101227907	1,222,158
Instructional Leadership Grant	84.010A	25610105227907	21,728
Title I, 1003 ESF Focused Support Grant	84.010A	25610139227907	33,562
Total Assistance Listing Number 84.010			1,860,128
IDEA - Part B, Formula	84.027A	256600012279076000	65,127
IDEA - Part B, Formula	84.027A	266600012279076000	1,760,999
IDEA-B Discretionary	84.027A	66002606	205,102
Total Assistance Listing Number 84.027			2,031,228
IDEA-B Preschool	84.173A	266610012279076000	995
Total Special Education (IDEA) Cluster			2,032,223
Perkins IV - Career and Technical Education	84.048A	25420006227907	7,007
Perkins IV - Career and Technical Education	84.048A	26420006227907	2,409
Total Assistance Listing Number 84.048			9,416
ESEA, Title X, Part C - Education for the Homeless Children and Youth	84.196A	254600057110060	3,042
ESEA, Title X, Part C - Education for the Homeless Children and Youth	84.196A	264600057110060	17,091
Total Assistance Listing Number 84.196A			20,133
Title III, Part A - English Language Acquisition	84.365A	25671001227907	66,970
Title III, Part A - English Language Acquisition	84.365A	26671001227907	222,860
Total Assistance Listing Number 84.365A			289,830
Title II, Part A - Supporting Effective Instruction	84.367A	25694501227907	59,019
Title II, Part A - Supporting Effective Instruction	84.367A	26694501227907	314,084
Total Assistance Listing Number 84.367			373,103
Summer School LEP	84.369A	69552502	11,394
Title IV, Part A - Subpart 1	84.424A	25680101227907	29,076
Title IV, Part A - Subpart 1	84.424A	26680101227907	34,228
Total Assistance Listing Number 84.424A			63,304
Total Passed through the Texas Education Agency			4,659,531
TOTAL U. S. DEPARTMENT OF EDUCATION			4,659,531

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The accompanying notes are an integral part of this schedule.

MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2026

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Texas Education Agency:			
Aware Expansion	93.243	254710017110002	$ 122,973
Aware Expansion	93.243	264710017110002	99,172
Total Assistance Listing Number 93.243			222,145
Total Passed through the Texas Education Agency			222,145
Passed through Texas Health and Human Services:			
Medicaid Admin. Claiming Program - Medicaid Cluster	93.778	n/a	55,334
Total Passed through Texas Health and Human Services			55,334
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			277,479
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 13,800,213

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MANOR INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2026

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)	$ 14,888,413
School health and related services revenue	(1,088,200)
Federal expenditures on the Schedule of Expenditures of Federal Awards (Exhibit K-1)	$ 13,800,213

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MANOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2026

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: 10.553, 10.555, & 10.582	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs	$1,000,000
Auditee qualified as low-risk auditee?	Yes

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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, 2026

None.

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