

**WESTHOFF
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025**

WESTHOFF INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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Introductory Section

CERTIFICATE OF BOARD

Westhoff Independent School District
Name of School District

Dewitt
County

062-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2025, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section



Roloff, Hnatek & Co., L.L.P.

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Independent Auditors' Report

Board of Trustees
Westhoff Independent School District
244 Lynch Avenue
Westhoff, Texas 77994

Members of the Board of Trustees:

Report on the Audit of 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 Westhoff Independent School District as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Westhoff Independent School District, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westhoff Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of New Accounting Standards

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the fiscal year ended August 31, 2025. GASB Statement No. 101 introduced new accounting and financial reporting requirements for compensated absences, which have resulted in significant changes to the recognition, measurement, and disclosure of these liabilities in the accompanying financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 10 through 16, the budgetary comparison information on page 46, the information related to the District's pension plan on pages 47 through 50, and the information related to the District's other post-employment benefits on pages 51 through 54, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westhoff Independent School District's basic financial statements. The accompanying supplementary information on pages 57 through 60 is presented for purposes of additional analysis and is 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 information is 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 February 17, 2026, on our consideration of Westhoff Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Westhoff Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westhoff Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Roloff, Hnatek & Co., L.L.P.

February 17, 2026

Management's Discussion and Analysis (Unaudited)

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

As management of Westhoff Independent School District ("District"), we offer readers as an introduction to the District's financial statements, this narrative overview and analysis of the District's activities and financial performance for the year ended August 31, 2025. This discussion and analysis is designed to assist readers in concentrating on the significant financial issues and activities and to identify any significant changes in financial position. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The net position of the District at August 31, 2025 was \$8,264,814. Of this amount, \$4,699,687 is unrestricted.
- The District's total net position increased by \$392,469, or 5%, from the prior year as a result of current year operations.
- The general fund had a fund balance of \$5,347,492 at August 31, 2025, an increase of \$324,155, or 6%, from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report of the District consists of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how the general government services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund statements*, if any, offer *short-term* and *long-term* financial information about the activities the government operates like businesses.
- *Fiduciary fund statements*, if any, provide information about the financial relationships in which the District acts solely as a *trustee* or *custodian* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

The table on the following page summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

Major Features of the District’s Government-wide and Fund Financial Statements

Features	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District’s government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or custodian for someone else’s resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position is the difference between the District’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and is one way to measure the District’s financial health or position.

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District’s tax base.

The government-wide financial statements of the District include the *governmental activities*. Most of the District’s basic services are included here, such as instruction, curriculum, staff development, general administration, extracurricular activities and health services. Property taxes, state-aid, and grants finance most of these activities.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* and not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for specific purposes.

- Some funds are required by State law and by bond covenants, if any.
- The Board of Trustees establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted into cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's operations. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

Other Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain *other supplementary information* on property taxes, indirect costs, fund balance, budgetary information and other reports required by Texas Education Agency and/or *Government Auditing Standards*.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One fundamental question that is most asked of an entity is, as a whole "Are you better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District's activities in a way that should help answer this question. These two statements report the net position of the District and changes therein. The District's net position (the difference between assets and liabilities) can be thought of as a way to measure the financial health of the District. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. However, you will need to consider other information that is non-financial in nature, such as changes in economic conditions, demographic information, mandated state and federal regulations, and new or changed government legislation.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

Statement of Net Position

The statement of net position serves as a useful indicator over time of the District's financial position. It distinguishes assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as to their expected use for current operations and capital investment. The District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2025 by \$8,264,814. The following condensed Statement of Net Position provides an overview of the District's net position as of August 31, 2025 and 2024.

	<u>Governmental Activities</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024 (As Restated)</u>	<u>2025 - 2024</u>	<u>2025 - 2024</u>
Assets:				
Current Assets	\$ 7,472,318	\$ 5,255,582	\$ 2,216,736	42%
Capital Assets	<u>3,565,127</u>	<u>3,513,020</u>	<u>52,107</u>	1%
Total Assets	<u>11,037,445</u>	<u>8,768,602</u>	<u>2,268,843</u>	26%
Deferred Outflows of Resources	<u>574,308</u>	<u>260,143</u>	<u>314,165</u>	121%
Liabilities:				
Current Liabilities	2,035,333	172,246	1,863,087	1,082%
Non-Current Liabilities	<u>924,726</u>	<u>613,749</u>	<u>310,977</u>	51%
Total Liabilities	<u>2,960,059</u>	<u>785,995</u>	<u>2,174,064</u>	277%
Deferred Inflows of Resources	<u>386,880</u>	<u>370,405</u>	<u>16,475</u>	4%
Net Position:				
Net Investment in Capital Assets	3,565,127	3,513,020	52,107	1%
Unrestricted	<u>4,699,687</u>	<u>4,359,325</u>	<u>340,362</u>	8%
Total Net Position	<u>\$ 8,264,814</u>	<u>\$ 7,872,345</u>	<u>\$ 392,469</u>	5%

A portion of the District's net position (\$3,565,127) reflects its investment in capital assets (e.g., land, construction in progress, buildings, vehicles, and furniture and equipment) less the remaining balance of the related debt, if any, used to acquire those assets. The District uses these capital assets to provide services to its students and, consequently, these assets are not available for future spending. The remaining balance of unrestricted net position (\$4,699,687) may be used to meet the District's ongoing obligations to employees and vendors.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

Statement of Activities

The statement of activities serves as a measure to determine how successful the District was during the past year in recovering its costs through property taxes, state and federal grants, charges for services and other revenues. The following condensed statement of activities summarizes the operations of the District for the years ended August 31, 2025 and 2024.

	Governmental Activities		\$ Change	% Change
	2025	2024 (As Restated)	2025 - 2024	2025 - 2024
Program Revenues:				
Charges for Services	\$ -	\$ 540	\$ (540)	(100%)
Operating Grants and Contributions	409,076	395,077	13,999	4%
General Revenues:				
Property Taxes	10,660,416	8,089,683	2,570,733	32%
State Aid-Formula Grants	91,921	34,169	57,752	169%
Investment Earnings	454,654	247,014	207,640	84%
Miscellaneous Local and Intermediate Revenue	17,663	31,411	(13,748)	(44%)
Total Revenues	<u>11,633,730</u>	<u>8,797,894</u>	<u>2,835,836</u>	32%
Expenses:				
Instruction	1,042,611	1,087,832	(45,221)	(4%)
Instructional Resources and Media Services	5,102	11,035	(5,933)	(54%)
Curriculum and Instructional Staff Development	15,311	701	14,610	2,084%
School Leadership	143,974	103,947	40,027	39%
Guidance, Counseling, and Evaluation Services	12,959	200	12,759	6,380%
Health Services	2,818	14,017	(11,199)	(80%)
Student (Pupil) Transportation	104,012	110,796	(6,784)	(6%)
Food Services	176,725	175,986	739	0%
Extracurricular Activities	25,599	14,719	10,880	74%
General Administration	461,783	426,327	35,456	8%
Facilities Maintenance and Operations	234,311	300,568	(66,257)	(22%)
Security and Monitoring Services	148,174	16,838	131,336	780%
Data Processing Services	134,203	34,609	99,594	288%
Contracted Instructional Services Between Schools	8,589,280	6,501,492	2,087,788	32%
Payments Related to Shared Services				
Arrangements	33,439	31,771	1,668	5%
Other Intergovernmental Charges	110,960	89,348	21,612	24%
Total Expenses	<u>11,241,261</u>	<u>8,920,186</u>	<u>2,321,075</u>	26%
Increase (Decrease) in Net Position	<u>\$ 392,469</u>	<u>\$ (122,292)</u>	<u>\$ 514,761</u>	

The District's total revenues and expenses increased by 32% and 26%, respectively. There were significant increases in revenues from property taxes and investment earnings, while there were no significant decreases. There were significant increases in expenses in the functional categories of security and monitoring services, data processing services and contracted instructional services between schools, while there were no significant decreases. The fiscal year operations resulted in an increase in net position of \$392,469.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$11,665,881, an increase of approximately 33% from the preceding year. Local revenues increased by approximately 32% while the state and federal revenues increased in total by approximately 34%. Expenditures from governmental fund types totaled \$11,341,726, an increase of approximately 30% from the preceding year. There were significant increases in revenues from total local and intermediate sources and state program revenues, while there was a significant decrease in revenues in federal program revenues. There were significant increases in expenditures in the functional categories of security and monitoring services, data processing services and contracted instructional services between schools, while there were no significant decreases in expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revised its general fund budget several times. The budgeted revenues were not significantly changed as a result of the budget amendments. The following budgeted expenditures were significantly changed by budget amendments to accommodate unanticipated increases or decreases in expenditures subsequent to the adoption of the original budget.

- Function 11 (Instruction)
- Function 41 (General Administration)
- Function 81 (Facilities Acquisition and Construction)
- Function 91 (Contracted Instructional Services Between Schools)

Total actual revenues were \$270,875 more than the final budgeted amount due primarily to revenues from local and intermediate sources and state program revenues being significantly more than anticipated. Total actual expenditures were \$456,694 below final budget amounts due primarily to the significant favorable variances in functions 81 (Facilities Acquisition and Construction) and 91 (Contracted Instructional Services Between Schools) combined with other less significant favorable variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets as of August 31, 2025, was \$3,565,127 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, school facilities, machinery and equipment, furniture, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation expense) of \$52,107 from fiscal year 2024. Additional information regarding the District’s capital assets can be found in Note C to the financial statements. The following table summarizes the District’s capital assets (net of accumulated depreciation) as of August 31, 2025 and 2024.

	<u>Governmental Activities</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>	<u>2025 - 2024</u>	<u>2025 - 2024</u>
Land	\$ 54,041	\$ 54,041	\$ -	0%
Construction in Progress	35,709	-	35,709	N/A
Buildings and Improvements	5,060,507	4,839,154	221,353	5%
Furniture and Equipment	480,963	469,253	11,710	2%
Totals at Historical Cost	<u>5,631,220</u>	<u>5,362,448</u>	<u>268,772</u>	<u>5%</u>
Total Accumulated Depreciation	<u>(2,066,093)</u>	<u>(1,849,428)</u>	<u>(216,665)</u>	<u>12%</u>
Net Capital Assets	<u>\$ 3,565,127</u>	<u>\$ 3,513,020</u>	<u>\$ 52,107</u>	<u>1%</u>

WESTHOFF INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2025

Long-Term Obligations

As of August 31, 2025, the District had long-term obligations outstanding of \$4,958. This amount is comprised entirely of compensated absences. Additional information regarding the District’s long-term obligations can be found in Note E to the financial statements. The following table summarizes the District’s long-term obligations outstanding at August 31, 2025 and 2024.

	Governmental Activities		\$ Change	% Change
	2025	2024 (As Restated)	2025 - 2024	2025 - 2024
Compensated Absences	\$ 4,958	\$ 6,009	\$ (1,051)	(17%)

ECONOMIC OUTLOOK

The District has adopted a property tax rate of \$0.66690 for the fiscal year ending 2026 based on its approved budget and total assessed taxable property values. The total appraised property tax value used for fiscal year ending 2026 increased by approximately 5% from the prior year. All property taxes to be collected during the fiscal year ending 2026 are for the purpose of maintenance and operations.

The District is a “Chapter 49” district and will be required to send a large amount of tax revenues to the state for student attendance credit purchases. If property wealth in the District increases, this cost will increase from the fiscal year ended 2025 to fiscal year ending 2026.

The District’s average daily attendance is expected to be approximately 81 for the fiscal year ending 2026. These factors were taken into consideration when adopting the general fund budget for the fiscal year ending 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide 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 Administrative Office.

Basic Financial Statements

WESTHOFF INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,286,386
1220 Property Taxes - Delinquent	166,144
1230 Allowance for Uncollectible Taxes	(76,651)
1240 Due from Other Governments	96,317
1410 Prepayments	122
Capital Assets:	
1510 Land	54,041
1520 Buildings, Net	3,171,153
1530 Furniture and Equipment, Net	304,224
1580 Construction in Progress	35,709
1000 Total Assets	11,037,445
DEFERRED OUTFLOWS OF RESOURCES	
1702 Deferred Outflow - State Foundation Program	3,847
1705 Deferred Outflow Related to TRS Pension	239,989
1706 Deferred Outflow Related to TRS OPEB	330,472
1700 Total Deferred Outflows of Resources	574,308
LIABILITIES	
2110 Accounts Payable	12,998
2150 Payroll Deductions and Withholdings	6,913
2160 Accrued Wages Payable	113,880
2180 Due to Other Governments	1,897,853
2200 Accrued Expenses	3,339
2300 Unearned Revenue	350
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,359
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	3,599
2540 Net Pension Liability (District's Share)	541,187
2545 Net OPEB Liability (District's Share)	378,581
2000 Total Liabilities	2,960,059
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	34,097
2606 Deferred Inflow Related to TRS OPEB	352,783
2600 Total Deferred Inflows of Resources	386,880
NET POSITION	
3200 Net Investment in Capital Assets	3,565,127
3900 Unrestricted	4,699,687
3000 Total Net Position	\$ 8,264,814

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1	Program Revenues		Net (Expense)	
		3	4	Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 1,042,611	\$ -	\$ 74,748	\$ (967,863)
12	Instructional Resources and Media Services	5,102	-	953	(4,149)
13	Curriculum and Instructional Staff Development	15,311	-	-	(15,311)
23	School Leadership	143,974	-	1,295	(142,679)
31	Guidance, Counseling, and Evaluation Services	12,959	-	-	(12,959)
33	Health Services	2,818	-	-	(2,818)
34	Student (Pupil) Transportation	104,012	-	333	(103,679)
35	Food Services	176,725	-	52,166	(124,559)
36	Extracurricular Activities	25,599	-	97	(25,502)
41	General Administration	461,783	-	2,770	(459,013)
51	Facilities Maintenance and Operations	234,311	-	629	(233,682)
52	Security and Monitoring Services	148,174	-	275,193	127,019
53	Data Processing Services	134,203	-	892	(133,311)
91	Contracted Instructional Services Between Schools	8,589,280	-	-	(8,589,280)
93	Payments Related to Shared Services Arrangements	33,439	-	-	(33,439)
99	Other Intergovernmental Charges	110,960	-	-	(110,960)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 11,241,261	\$ -	\$ 409,076	(10,832,185)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	10,660,416
SF	State Aid - Formula Grants	91,921
IE	Investment Earnings	454,654
MI	Miscellaneous Local and Intermediate Revenue	17,663
TR	Total General Revenues	11,224,654
CN	Change in Net Position	392,469
NB	Net Position - Beginning as Previously Reported	7,878,354
PA	Restatement for the Implementation of GASB 101	(6,009)
	Net Position - Beginning as Restated and Adjusted	7,872,345
NE	Net Position - Ending	\$ 8,264,814

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,276,936	\$ 9,450	\$ 7,286,386
1220 Property Taxes - Delinquent	166,144	-	166,144
1230 Allowance for Uncollectible Taxes	(76,651)	-	(76,651)
1240 Due from Other Governments	-	96,317	96,317
1260 Due from Other Funds	91,746	-	91,746
1410 Prepayments	122	-	122
1000 Total Assets	<u>\$ 7,458,297</u>	<u>\$ 105,767</u>	<u>\$ 7,564,064</u>
LIABILITIES			
2110 Accounts Payable	\$ 12,444	\$ 554	\$ 12,998
2150 Payroll Deductions and Withholdings Payable	6,913	-	6,913
2160 Accrued Wages Payable	102,070	11,810	113,880
2170 Due to Other Funds	-	91,746	91,746
2180 Due to Other Governments	1,897,853	-	1,897,853
2200 Accrued Expenditures	2,032	1,307	3,339
2300 Unearned Revenue	-	350	350
2000 Total Liabilities	<u>2,021,312</u>	<u>105,767</u>	<u>2,127,079</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	89,493	-	89,493
2600 Total Deferred Inflows of Resources	<u>89,493</u>	<u>-</u>	<u>89,493</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	122	-	122
Assigned Fund Balance:			
3550 Construction	3,785,820	-	3,785,820
3600 Unassigned Fund Balance	1,561,550	-	1,561,550
3000 Total Fund Balances	<u>5,347,492</u>	<u>-</u>	<u>5,347,492</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,458,297</u>	<u>\$ 105,767</u>	<u>\$ 7,564,064</u>

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	5,347,492
1 Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		3,565,127
2 Long-term obligations are not due and payable in the current period, therefore, are not reported as liabilities in the governmental funds. Long-term obligations at year-end consist of compensated absences.		(4,958)
3 State Foundation Program revenues receivable, but not yet available, are not financial resources and, therefore, are not reported in the governmental funds.		3,847
4 Property taxes are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		89,493
5 The District's proportionate share of the net pension liability of \$541,187, deferred inflows of resources of \$34,097, and deferred outflows of resources of \$239,989 related to the net pension liability do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.		(335,295)
6 The District's proportionate share of the net OPEB liability of \$378,581, deferred inflows of resource of \$352,783, and deferred outflows of resources of \$330,472 related to the net OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.		(400,892)
 29 Net Position of Governmental Activities	 \$	 <u><u>8,264,814</u></u>

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 11,103,239	\$ -	\$ 11,103,239
5800 State Program Revenues	166,549	280,697	447,246
5900 Federal Program Revenues	4,530	110,866	115,396
5020 Total Revenues	<u>11,274,318</u>	<u>391,563</u>	<u>11,665,881</u>
EXPENDITURES:			
Current:			
0011 Instruction	864,248	62,838	927,086
0012 Instructional Resources and Media Services	3,482	953	4,435
0013 Curriculum and Instructional Staff Development	15,311	-	15,311
0023 School Leadership	148,809	-	148,809
0031 Guidance, Counseling, and Evaluation Services	12,943	-	12,943
0033 Health Services	2,734	-	2,734
0034 Student (Pupil) Transportation	78,869	-	78,869
0035 Food Services	562	162,293	162,855
0036 Extracurricular Activities	11,612	-	11,612
0041 General Administration	480,489	-	480,489
0051 Facilities Maintenance and Operations	223,791	-	223,791
0052 Security and Monitoring Services	43,757	275,193	318,950
0053 Data Processing Services	138,154	-	138,154
Capital Outlay:			
0081 Facilities Acquisition and Construction	82,009	-	82,009
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	8,589,280	-	8,589,280
0093 Payments to Fiscal Agent/Member Districts of SSA	33,439	-	33,439
0099 Other Intergovernmental Charges	110,960	-	110,960
6030 Total Expenditures	<u>10,840,449</u>	<u>501,277</u>	<u>11,341,726</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>433,869</u>	<u>(109,714)</u>	<u>324,155</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	109,714	109,714
8911 Transfers Out (Use)	<u>(109,714)</u>	<u>-</u>	<u>(109,714)</u>
7080 Total Other Financing Sources (Uses)	<u>(109,714)</u>	<u>109,714</u>	<u>-</u>
1200 Net Change in Fund Balances	324,155	-	324,155
0100 Fund Balance - September 1 (Beginning)	<u>5,023,337</u>	<u>-</u>	<u>5,023,337</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,347,492</u>	<u>\$ -</u>	<u>\$ 5,347,492</u>

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	324,155
Governmental funds report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Current year capital outlay and depreciation expense totaled \$268,772 and \$216,665, respectively, for a net effect of \$52,107.		52,107
The change in unavailable tax revenue is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		29,494
The change in State Foundation Program revenue is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		3,847
The change in compensated absences is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		1,051
The net change in the net pension liability, deferred inflows of resources and deferred outflows of resources related to the net pension liability are reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following: net pension liability increased by \$122,962, deferred inflows of resources decreased by \$15,593, and deferred outflows of resources increased by \$55,447, for a net effect of \$51,922.		(51,922)
The net change in the net OPEB liability, deferred inflows of resources and deferred outflows of resources related to the net OPEB liability are reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following: net OPEB liability increased by \$189,066, deferred inflows of resources increased by \$32,068, and deferred outflows of resources increased by \$254,871, for a net effect of \$33,737.		33,737
Change in Net Position of Governmental Activities	\$	392,469

The notes to the financial statements are an integral part of this statement.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies

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

Reporting Entity

The Board of School Trustees (“Board”), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statement No. 14, “The Financial Reporting Entity,” as revised by GASB Statement No. 39, and there no component units included within the reporting entity.

Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The District reports the following major governmental funds:

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies (Continued)

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for resources restricted, committed, or assigned for specific purposes by a grantor or Board. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the programs.

b. Measurement Focus, Basis of Accounting

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

Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Other Post-Employment Benefits: The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, 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 a pay-as-you-go plan and all cash is held in a cash account.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies (Continued)

Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. Property taxes receivable are presented in the accompanying statement of net position and balance sheet as of August 31, 2025.

b. Inventories and Prepaid Items

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

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	15 to 40 years
Furniture and Equipment	5 to 15 years

d. Compensated Absences

Employees of the District earn local, state, and other types of compensated absences in accordance with the District's personnel policies. A liability for compensated absences is recognized in the government-wide and proprietary fund financial statements for leave that is attributable to services already rendered, that accumulates, and that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies (Continued)

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control codes

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

Fund Balance Policy

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), the District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or "must be maintained in tact" and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

Committed fund balance includes amounts that can only be used for specific purposes, and is reported pursuant to resolutions passed by the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by Board of Trustees.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies (Concluded)

Assigned fund balance includes amounts that the District intends to use for specific purposes, but that do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Superintendent or his/her designee.

Unassigned fund balance includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. When the District incurs an expenditure or expense for which committed, assigned, or unassigned may be used, it is the District's policy to use committed, then assigned, and then unassigned.

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At August 31, 2025, the carrying amount of the District's deposits was \$7,286,386 and the bank balance was \$7,414,573. The District's cash deposits and investments at August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

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

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

B. Deposits and Investments (Continued)

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

The District's held no investments as of August 31, 2025.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

a. Credit Risk

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

b. Custodial Credit Risk

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

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

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

B. Deposits and Investments (Concluded)

Investment Accounting Policy

The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at the time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

C. Capital Assets

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

<u>Governmental Activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Not Being Depreciated				
Land	\$ 54,041	\$ -	\$ -	\$ 54,041
Construction in Progress	-	35,709	-	35,709
Capital Assets Being Depreciated				
Building and Improvements	4,839,154	221,353	-	5,060,507
Vehicles, Furniture and Equipment	469,253	11,710	-	480,963
Total Capital Assets at Historical Cost	<u>5,362,448</u>	<u>268,772</u>	<u>-</u>	<u>5,631,220</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,704,768	184,586	-	1,889,354
Furniture and Equipment	144,660	32,079	-	176,739
Total Accumulated Depreciation	<u>1,849,428</u>	<u>216,665</u>	<u>-</u>	<u>2,066,093</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,513,020</u>	<u>\$ 52,107</u>	<u>\$ -</u>	<u>\$ 3,565,127</u>

Depreciation was charged to functions as follows:

Instruction	\$ 144,675
Instructional Resources and Media Services	668
School Leadership	250
Health Services	84
Student (Pupil) Transportation	26,609
Food Services	12,480
Extracurricular Activities	14,418
General Administration	251
Facilities Maintenance and Operations	1,235
Security and Monitoring Services	15,995
Total	<u>\$ 216,665</u>

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

D. Interfund Balances and Activities

Due to and From Other Funds

Balances due to and due from other funds at August 31, 2025, consisted of the following:

Due to Fund	Due From Fund	Amount	Purpose
General Fund	Other Funds	\$ 91,746	Short-term Loans

All amounts are scheduled to be repaid within one year.

Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2025, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Funds	\$ 109,714	Supplement other funds

E. Long-Term Obligations

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 6,009	\$ -	\$ 1,051	* \$ 4,958	\$ 1,359

* The change in the compensated absences liability is presented as a net change.

F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans

Plan Description

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. 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 above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

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

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans (Continued)

Cost-of-Living Adjustment

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

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

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

Contributions

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

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

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current Fiscal Year Employer Contributions		\$ 45,884
Current Fiscal Year Member Contributions		\$ 84,567
Measurement Year NECE On-Behalf Contributions		\$ 52,944

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the Plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, 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 are required to pay the employer contribution rate in the following instances:

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans (Continued)

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, 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 is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after-retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%. The source for the rate is the Bond Buyers 20 Index, which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last Year Ending August 31 in Projection Period (100 Years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate

A single discount rate of 7.00% 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.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans (Continued)

It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

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

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 policy model.

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

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans (Continued)

Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using the discount rate of 7.00% and what the net pension liability would be if it were calculated using a discount rate that was 1% less (6.00%) or 1% greater (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Proportionate Share of the Net Pension Liability	\$ 864,413	\$ 541,187	\$ 273,371

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

At August 31, 2025, the District reported a liability of \$541,187 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	\$ 541,187
State's Proportionate Share that is Associated with the District	573,890
Total	\$ 1,115,077

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

At August 31, 2024, the employer's proportionate share of the collective net pension liability was 0.0008859690%, which was an increase of 0.0002771130% from its proportionate share measured as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2025, the District recognized pension expense of \$166,395 and revenue of \$68,589 for support provided by the State.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

G. Defined Benefit Pension Plans (Concluded)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experiences	\$ 29,829	\$ 4,225
Changes in Actuarial Assumptions	27,943	3,746
Difference Between Projected and Actual Investment Earnings	3,290	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	133,043	26,126
Contributions Paid to TRS Subsequent to the Measurement Date	45,884	-
Total	<u>\$ 239,989</u>	<u>\$ 34,097</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2026	\$ 25,619
2027	81,444
2028	26,673
2029	7,925
2030	18,347
Thereafter	-

For the year ended August 31, 2025, the changes to the TRS net pension liability were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Net Pension Liability	<u>\$ 418,225</u>	<u>\$ 122,962</u>	<u>\$ -</u>	<u>\$ 541,187</u>

H. 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 benefit other post-employment benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Teacher Retirement System of Texas (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.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2025

H. Defined Other Post-Employment Benefit Plan (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications> ; by writing to TRS at P.O. Box 149679, 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 premium rates for retirees are reflected in the following table:

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

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State’s contribution rate, which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% and not more than 0.75% of the salary of each active employee of the public or charter school. 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 the fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

H. Defined Other Post-Employment Benefit Plan (Continued)

	Contribution Rates	
	2024	2025
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current Fiscal Year Employer Contributions		\$ 10,206
Current Fiscal Year Member Contributions		\$ 6,663
Measurement Year NECE On-Behalf Contributions		\$ 14,196

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

Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024: rates of mortality, rates of retirement, rates of termination, rates of disability, general inflation, and wage inflation.

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

H. Defined Other Post-Employment Benefit Plan (Continued)

Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability. This was a decrease of 0.26% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

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

The source of the municipal bond rate is the Bond Buyer’s “20-Bond GO Index” as of August 31, 2024, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District’s Proportionate Share of the Net OPEB Liability	\$ 449,771	\$ 378,581	\$ 321,057

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate was 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Proportionate Share of the Net OPEB Liability	\$ 308,298	\$ 378,581	\$ 470,166

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

At August 31, 2025, the District reported a liability of \$378,581 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	\$ 378,581
State's Proportionate Share that is Associated with the District	474,356
Total	\$ 852,937

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

H. Defined Other Post-Employment Benefit Plan (Continued)

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

At August 31, 2024, the employer’s proportion of the net OPEB liability was 0.0012473197%, which was an increase of 0.0003912717% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB Liability since the prior measurement period:

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

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 August 31, 2025, the District recognized OPEB expense of (\$85,189) and revenue of (\$61,658) for support provided by the State.

At August 31, 2025, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experiences	\$ 72,561	\$ 188,932
Changes in Actuarial Assumptions	48,454	123,526
Difference Between Projected and Actual Investment Earnings	-	1,060
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	199,251	39,265
Contributions Paid to TRS Subsequent to the Measurement Date	10,206	-
Total	\$ 330,472	\$ 352,783

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

H. Defined Other Post-Employment Benefit Plan (Concluded)

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	\$ (32,315)
2027	(15,169)
2028	(23,900)
2029	(17,974)
2030	(3,219)
Thereafter	60,060

For the year ended August 31, 2025, the changes to the TRS net OPEB liability were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 189,515	\$ 189,066	\$ -	\$ 378,581

I. Health Care Coverage – Retirees and Active Employees

Retiree Health Care Coverage

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care provides health care coverage for certain persons (and their dependents) who have retired under the Teacher Retirement System of Texas.

The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. The report may be obtained by visiting the TRS website at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

Funding Policy

Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The contribution rate for the active employees was 0.65% for the years ended August 31, 2025, 2024, and 2023. The contribution rate for the State was 1.25% for the years ended August 31, 2025, 2024, and 2023. The contribution rate for the District was 0.75% for the years ended August 31, 2025, 2024, and 2023. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

I. Health Care Coverage – Retirees and Active Employees (Concluded)

Contributions

Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf of the District’s employees as well as the Member’s and District’s required contributions for the years ended August 31, 2025, 2024, and 2023 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2025	0.65%	\$ 6,663	1.25%	\$ 10,407	0.75%	\$ 7,688
2024	0.65%	\$ 6,232	1.25%	\$ 9,522	0.75%	\$ 7,191
2023	0.65%	\$ 6,161	1.25%	\$ 10,335	0.75%	\$ 7,109

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became 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 August 31, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on behalf of the District were \$7,301, \$4,868, and \$5,116, respectively.

Active Employee Health Care Coverage

Plan Description

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium based plan. Payments are made on a monthly basis for all covered employees.

J. Commitments and Contingencies

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

K. Shared Services Arrangements

The District participates in a shared services arrangement (“SSA”) with several other school districts for special education services. The District does not account for revenues or expenditures in this program and does not disclose them in its financial statements. The District has neither a joint ownership interest in capital assets purchased by the fiscal agent, Cuero I.S.D., nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. In accordance with the Resource Guide, the payments to the fiscal agent are recorded as expenditures in Function 93, “Payments Related to Shared Services Arrangements.” Latest financial statements for the SSA are available for year ended August 31, 2024, from the fiscal agent.

L. Local and Intermediate Revenue

During the year ended August 31, 2025, local and intermediate revenues consisted of the following:

Revenue Description	Fund	Amount
Property Taxes Including Penalties and Interest	General Fund	\$ 10,630,922
Interest Income from Temporary Investments	General Fund	454,654
Other Revenues	General Fund	17,663
Total Governmental Funds		\$ 11,103,239

M. Significant Taxpayers

The District’s two largest taxpayers accounted for approximately 36% and 24% on an individual basis, and approximately 60% on an aggregate basis, of the total 2024 tax levy. No delinquent amounts from these taxpayers existed as of August 31, 2025. No other individual taxpayer accounted for more than 2% of the total 2024 tax levy.

N. Implementation of New Accounting Standard

For the year ended August 31, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The beginning net position for the government-wide governmental activities was restated as follows:

	Government- wide Governmental Activities
Net Position, as Previously Reported	\$ 7,878,354
Implementation of GASB 101	(6,009)
Net Position, as Restated	\$ 7,872,345

Required Supplementary Information

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

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,875,569	\$ 10,875,569	\$ 11,103,239	\$ 227,670
5800 State Program Revenues	118,274	118,274	166,549	48,275
5900 Federal Program Revenues	9,600	9,600	4,530	(5,070)
5020 Total Revenues	11,003,443	11,003,443	11,274,318	270,875
EXPENDITURES:				
Current:				
0011 Instruction	691,496	867,481	864,248	3,233
0012 Instructional Resources and Media Services	11,536	11,536	3,482	8,054
0013 Curriculum and Instructional Staff Development	16,666	16,666	15,311	1,355
0023 School Leadership	122,882	157,882	148,809	9,073
0031 Guidance, Counseling, and Evaluation Services	8,291	18,291	12,943	5,348
0033 Health Services	9,500	9,500	2,734	6,766
0034 Student (Pupil) Transportation	79,138	84,138	78,869	5,269
0035 Food Services	6,468	6,468	562	5,906
0036 Extracurricular Activities	3,300	16,300	11,612	4,688
0041 General Administration	363,330	483,330	480,489	2,841
0051 Facilities Maintenance and Operations	231,603	281,603	223,791	57,812
0052 Security and Monitoring Services	60,000	60,000	43,757	16,243
0053 Data Processing Services	197,745	197,745	138,154	59,591
Capital Outlay:				
0081 Facilities Acquisition and Construction	170,000	260,000	82,009	177,991
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	8,795,337	8,680,337	8,589,280	91,057
0093 Payments to Fiscal Agent/Member Districts of SSA	20,000	33,539	33,439	100
0099 Other Intergovernmental Charges	107,327	112,327	110,960	1,367
6030 Total Expenditures	10,894,619	11,297,143	10,840,449	456,694
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	108,824	(293,700)	433,869	727,569
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(108,824)	(138,824)	(109,714)	29,110
1200 Net Change in Fund Balances	-	(432,524)	324,155	756,679
0100 Fund Balance - September 1 (Beginning)	5,023,337	5,023,337	5,023,337	-
3000 Fund Balance - August 31 (Ending)	\$ 5,023,337	\$ 4,590,813	\$ 5,347,492	\$ 756,679

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.000885969%	0.000608856%	0.000679255%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 541,187	\$ 418,225	\$ 403,256
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	573,890	755,255	628,351
Total	<u>\$ 1,115,077</u>	<u>\$ 1,173,480</u>	<u>\$ 1,031,607</u>
District's Covered Payroll	\$ 960,805	\$ 920,400	\$ 906,113
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	56.33%	45.44%	44.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 for year 2025, August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.000690902%	0.000614877%	0.000647835%	0.000598145%	0.000588024%	0.00052004%	0.0005616%
\$ 175,948	\$ 329,316	\$ 336,765	\$ 329,234	\$ 188,018	\$ 196,516	\$ 198,518
296,621	657,838	603,376	675,024	402,934	452,553	427,069
<u>\$ 472,569</u>	<u>\$ 987,154</u>	<u>\$ 940,141</u>	<u>\$ 1,004,258</u>	<u>\$ 590,952</u>	<u>\$ 649,069</u>	<u>\$ 625,587</u>
\$ 902,278	\$ 874,894	\$ 801,649	\$ 772,062	\$ 748,693	\$ 667,270	\$ 643,558
19.50%	37.64%	42.01%	42.64%	25.11%	29.45%	30.85%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 45,884	\$ 46,222	\$ 31,175
Contribution in Relation to the Contractually Required Contribution	(45,884)	(46,222)	(31,175)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,025,056	\$ 960,805	\$ 920,400
Contributions as a Percentage of Covered Payroll	4.48%	4.81%	3.39%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

	2022	2021	2020	2019	2018	2017	2016
\$	31,696	\$ 29,368	\$ 25,720	\$ 22,675	\$ 10,203	\$ 18,344	7,502
	(31,696)	(29,368)	(25,720)	(22,675)	(10,203)	(18,344)	(7,502)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$	906,113	\$ 902,278	\$ 874,894	\$ 801,649	\$ 772,062	\$ 748,693	667,270
	3.50%	3.25%	2.94%	2.83%	1.32%	2.45%	1.12%

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0012473197%	0.000856048%	0.000892321%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 378,581	\$ 189,515	\$ 213,657
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	474,356	228,678	260,629
Total	<u>\$ 852,937</u>	<u>\$ 418,193</u>	<u>\$ 474,286</u>
District's Covered Payroll	\$ 960,805	\$ 920,400	\$ 906,113
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.40%	20.59%	23.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.00095094%	0.000922547%	0.000917964%	0.000893808%	0.000841891%
\$ 366,820	\$ 350,702	\$ 434,119	\$ 446,287	\$ 366,107
491,457	471,259	576,843	672,606	601,237
<u>\$ 858,277</u>	<u>\$ 821,961</u>	<u>\$ 1,010,962</u>	<u>\$ 1,118,893</u>	<u>\$ 967,344</u>
\$ 902,278	\$ 874,894	\$ 801,649	\$ 772,062	\$ 748,693
40.65%	40.09%	54.15%	57.80%	48.90%
6.18%	4.99%	2.66%	1.57%	0.91%

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 10,206	\$ 10,263	\$ 4,317
Contribution in Relation to the Contractually Required Contribution	(10,206)	(10,263)	(4,317)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,025,056	\$ 960,805	\$ 920,400
Contributions as a Percentage of Covered Payroll	1.00%	1.07%	0.47%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2022	2021	2020	2019	2018
\$	7,329	\$ 7,352	\$ 6,675	\$ 6,515	\$ 6,145
	(7,329)	(7,352)	(6,675)	(6,515)	(6,145)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	906,113	\$ 902,278	\$ 874,894	\$ 801,649	\$ 772,062
	0.81%	0.81%	0.76%	0.81%	0.80%

WESTHOFF INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

Budgetary Data

The official budget was prepared for adoption for the General Fund and the Food Service Fund, which is included within the Special Revenue Funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

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

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made during the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. During the year, the budget was amended as necessary in all material respects. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes in assumptions.

TRS OPEB Plan

Changes of Benefit Terms

There were no changes in benefit terms.

Changes of Assumptions

The single discount rate changed from 4.13% as of August 31, 2023, to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2025

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	0.960000	0.000000	1,149,875,943
2018	1.040000	0.000000	807,454,425
2019	1.040000	0.000000	850,011,716
2020	0.970000	0.000000	1,107,890,598
2021	0.966400	0.000000	769,880,665
2022	0.963400	0.000000	591,544,699
2023	0.854600	0.000000	1,017,435,805
2024	0.669200	0.000000	1,208,070,713
2025 (School year under audit)	0.666900	0.000000	1,597,136,263
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 19,061	\$ -	\$ -	\$ -	\$ -	\$ 19,061	
1,975	-	-	-	-	1,975	
1,947	-	-	-	-	1,947	
5,196	-	294	-	-	4,902	
3,805	-	280	-	(30)	3,495	
12,579	-	5,277	-	-	7,302	
4,552	-	310	-	(73)	4,169	
5,131	-	822	-	(109)	4,200	
18,176	-	10,078	-	(813)	7,285	
-	10,651,302	10,598,298	-	(2,617)	50,387	
<u>\$ 72,422</u>	<u>\$ 10,651,302</u>	<u>\$ 10,615,359</u>	<u>\$ -</u>	<u>\$ (3,642)</u>	<u>\$ 104,723</u>	

\$ -

Reconciliation of Ending Balance per Exhibit J-1 to Balance per Exhibits A-1 and C-1:

Ending Balance per Exhibit J-1	\$ 104,723
Accrued Penalties and Interest on Delinquent Property Taxes Receivable	61,421
	<hr/>
Property Taxes - Delinquent per Exhibits A-1 and C-1	<u>\$ 166,144</u>

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 750	\$ 750	\$ -	\$ (750)
5800 State Program Revenues	200	200	905	705
5900 Federal Program Revenues	34,590	34,590	51,674	17,084
5020 Total Revenues	<u>35,540</u>	<u>35,540</u>	<u>52,579</u>	<u>17,039</u>
EXPENDITURES:				
Current:				
0035 Food Services	<u>144,364</u>	<u>174,364</u>	<u>162,293</u>	<u>12,071</u>
6030 Total Expenditures	<u>144,364</u>	<u>174,364</u>	<u>162,293</u>	<u>12,071</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,824)	(138,824)	(109,714)	29,110
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>108,824</u>	<u>108,824</u>	<u>109,714</u>	<u>890</u>
1200 Net Change in Fund Balances	-	(30,000)	-	30,000
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ -</u>	<u>\$ 30,000</u>

WESTHOFF INDEPENDENT SCHOOL DISTRICT
 STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
 FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$73,843
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$57,756

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$-
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$3,860



Roloff, Hnatek & Co., L.L.P.

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Business Advisors
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Independent Auditors' 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
Westhoff Independent School District
244 Lynch Avenue
Westhoff, Texas 77994

Members of the Board of Trustees:

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 Westhoff Independent School District as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Westhoff Independent School District's basic financial statements, and have issued our report thereon dated February 17, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Roloff, Hnatek & Co., L.L.P.
February 17, 2026

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2025

There were no findings requiring disclosure for the year under audit.

WESTHOFF INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

There were no findings noted during the prior year audit.