

WESTBROOK INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT PRESENTATION and
COMMUNICATION OF AUDIT RESULTS**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

The information in this presentation handout has been obtained from the current year and prior year Annual Financial Reports. This information is provided for presentation and discussion purposes only and is not to be considered as audited financial statements.

James E. Rodgers and Company, P.C.
Certified Public Accountants

WESTBROOK INDEPENDENT SCHOOL DISTRICT

Annual Financial Report Summary / Presentation Outline

For the Year Ended August 31, 2025

1 Review of Audit Purpose, Responsibilities of Administration and the Auditor, and Auditor Opinion on the Financial Statements

page 4

- * Annual Financial Report includes combined responsibility of District Administration and the Independent Auditor
- * Auditor's Report details specifics of both Administration responsibilities and Auditor responsibilities on the financial statements
- * Auditor's opinion issued is an **Unmodified Report** on financial statements

2 Historical Financial Overview

pages 7-15

	FY 2023	FY 2024	FY 2025
Student, Staff, and Attendance Data:			
Average Daily Attendance	233	223	204
Enrollment	255	245	220
Total Staff (FTE)	40	39	36
Student / Total Staff Ratio	6.38	6.28	6.11
Property Tax and Related Data			
Appraised Value for Property Taxes (M&O)	\$ 371,359,654	\$ 391,166,182	\$ 417,794,590
Property Tax Rates (M&O)	\$ 0.8546	\$ 0.6888	\$ 0.6669
Property Tax Rates (I&S)	n/a	n/a	n/a
M&O Property Tax Revenue	\$ 3,165,422	\$ 2,745,112	\$ 2,819,280
Financial Results and Position Indicators:			
General Fund Equity - End of Year	\$ 5,871,021	\$ 6,222,795	\$ 6,182,976
Net Change to General Fund Equity for Year	\$ (282,943)	\$ 351,774	\$ (39,819)
Bonds, Notes, and Financed Purchase Obligations Payable - End of Year	None	None	None

3 Review of Current Year Financial Statements

Governmental Fund Financial Statements

page 22

	General Fund	Special Revenue Funds	Total
Revenues	\$ 4,433,309	\$ 587,222	\$ 5,020,531
Expenditures	(4,556,868)	(690,919)	(5,247,787)
Other Financing Sources	191,665	97,925	289,590
Other Financing (Uses) / Adjustments	(107,925)	-	(107,925)
Net Change in Fund Balance	\$ (39,819)	\$ (5,772)	\$ (45,591)
Beginning Year Fund Balance (restated)	6,222,795	5,772	6,228,567
Ending Fund Balance-All Governmental Funds	\$ 6,182,976	\$ -	\$ 6,182,976

Financial Statements Items of Significance

- * General Fund Equity at the end of the year was 136% of total General Fund expenditures for fiscal year 2025.

4 SUMMARY OF AUDITOR'S RESULTS AND FINDINGS:

Generally Accepted Governmental Auditing Standards

Significant deficiencies in internal controls	None	page 88
Significant deficiencies in internal controls that were considered material weaknesses	None	page 88
Noncompliance that was material to the financial statements	None	page 88

Federal Single Audit Required Compliance Testing

Federal Single Audit Required Compliance Testing / Not Required / Federal Funding less than \$750,000	n/a
---	-----

5 Final Independent Auditor Communications

Final communication with governance at conclusion of audit / no negative items reported	Separate letter attached
Independent auditor's management letter	Separate letter attached
Expected Annual Financial Report submission delays to the Texas Education Agency	Separate letter attached

James E. Rodgers and Company, P.C., Certified Public Accountants

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 28, 2025

To the Board of Trustees and Superintendent
Westbrook Independent School District
Westbrook, Texas 79565

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westbrook Independent School District for the year ended **August 31, 2025**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our email to you dated September 26, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Auditor Comments

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Westbrook Independent School District** are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended **August 31, 2025**. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- ❖ Management's estimate of compensated absences liabilities as required by GASB 101.
- ❖ The estimates inclusive in the determination of the District's net pension liability as required by GASB 68 and the accounting estimates determination of the OPEB liability required by GASB 75.

Required Communication to Governing Body at Conclusion of Audit

James E. Rodgers and Company, P.C.

Significant Audit Matters

Auditor Comments

Disclosures	Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were: ❖ The disclosure of the District's participation in the Teacher Retirement System of Texas including the provisions and obligations of the District under that plan and the TRS Active Care in the notes to the financial statements including required schedules and disclosures required by GASB 68 and 75. ❖ The disclosure of current litigation (if any) in the notes to the financial statements. There were no issues or judgments in formulating the disclosure due to the lack of current litigation. The financial statement disclosures are neutral, consistent, and clear.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Corrected and Uncorrected Misstatements	Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.
Disagreements with Management	For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We have requested certain representations from management that are included in the management representation letter dated October 28, 2025.
Management Consultation with Other Independent Accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Other Audit Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal

James E. Rodgers and Company, P.C.

Significant Audit Matters

Auditor Comments

Other Matters

course of our professional relationship and our responses were not a condition to our retention.

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules, and schedules for pension and OPEB liabilities and contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and nonmajor fund financial statements in which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Texas Education Agency Schedules (Exhibits J-1 through J-3), and the Schools First Questionnaire, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and the Administration of the **Westbrook Independent School District** and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 28, 2025

Independent Auditor's Management Letter

To the Board of Trustees and Superintendent
Westbrook Independent School District
Westbrook, Texas 79565

Members of the Board and Superintendent:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Westbrook Independent School District** (the District) as of and for the year ended **August 31, 2025**, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We noted no items that we consider material weaknesses in internal controls over financial reporting.

We do offer the following observations that we consider important to future administrative and operational effectiveness.

Accounting Function

The performance of the accounting function within the District for the financial year ending August 31, 2025 was very good. In completing required audit procedures which included reviews of the accounting processes and controls, we are happy to report that the accounting function is performing at a high level of efficiency, accuracy, and compliance. We commend staff involved for fulfilling their responsibilities and providing administration and the Board of Trustees with useful and timely financial reports.

James E. Rodgers and Company, P.C.

Governmental Accounting Standards Board (GASB) Changes for Future Periods

GASB has continued issuing additional standards with more reporting changes for future periods in the form of GASB 103 titled Financial Reporting Model Improvements. A brief summary of GASB 103 follows:

- The objective of GASB 103 is to improve key components of the governmental financial reporting model in an attempt to make reports more useful for decision-making and accountability.
- The requirements apply to fiscal years beginning after June 15, 2025.
- The changes should be applied retroactively to prior periods if prior periods are presented

The major modifications required under GASB 103 that would apply to Hamlin Consolidated Independent School District are as follows:

- **Management's Discussion & Analysis (MD&A)** - The MD&A remains required as RSI (required supplementary information), but the guidance is tightened. Governments must confine the MD&A to five sections (overview; financial summary; detailed analyses; significant capital assets & long-term financing; and currently known facts/conditions). The MD&A should include consideration of capital assets and long-term liabilities including right-to-use leases and subscription based IT arrangements.
- **Unusual / Infrequent Items** - The categories "extraordinary" and "special" items are eliminated. Instead, items should be categorized as unusual, infrequent, or both, under the definitions from GASB 62. Such items must be presented separately (not netted) as the last flows of resources (i.e. before net change) in statements that show resource flows (government-wide, governmental funds, proprietary).
- **Budgetary Comparison Information** - Previously, budgetary comparison schedules could be presented either as a basic financial statement or RSI. Under GASB 103, these must be included as required supplementary information (RSI) only. Notes to the RSI must explain significant variances (original vs. final, and final vs. actual).

We will certainly assist the District with implementing these reporting changes.

The comments and recommendations documented in this letter have been presented for consideration in maintaining and improving internal controls and operating efficiency of the Westbrook Independent School District. We are required to review the status of these comments during our next audit engagement.

This report is intended solely for the information of the District's trustees, administration, others within the District, the Texas Education Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



James E. Rodgers and Company, P.C.



To the Administrator Addressed

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

DATE:	October 16, 2025
SUBJECT:	FY2025 Annual Financial Report Submission and Audit Application Transition
CATEGORY:	Annual Financial Report Submissions and Federal Single Audit
NEXT STEPS:	Share with the appropriate staff

The Texas Education Agency is updating the Audit application used to submit and upload annual audit financial information in Texas Education Agency Login (TEAL); the new audit application will be referred to as Audit 2.0.

Due to delays in both the development of the new Audit 2.0 application within TEAL and the release of the final 2025 Office of Management and Budget (OMB) Compliance Supplement, November 27, 2025, submission deadline for fiscal year (FY) 2025 annual financial reports will no longer apply to entities with a June 30 fiscal year-end for this year's submission only.

At present, the revised submission deadline for all FY2025 annual financial reports to the Texas Education Agency (TEA) is **February 27, 2026**. The new Audit 2.0 application will be available for submissions beginning on **January 15, 2026**. This applies to charter schools, education service centers (ESCs) and independent school districts. This will also be the deadline for indicator 1 in the Financial Integrity Rating System of Texas (FIRST) for 2025-2026 Financial Accountability Ratings.

Please note:

- The 2025 OMB Compliance Supplement remains unreleased. Auditors are advised to withhold issuance of final Single Audit reports until the official supplement is published. No release date has been announced.
- TEA anticipates a soft launch of Audit 2.0 on December 12, 2025, limited to select entities. Full access for all remaining districts and ESCs will be on **January 15, 2026**.
- As the February deadline approaches, TEA will reassess the timeline for entities subject to Single Audit requirements if the OMB supplement remains unavailable.
- The TSDS PEIMS Mid-Year Submission due dates will remain as published in the Texas Education Data Standards:
 - PEIMS Mid-Year First Submission Due Date: January 22, 2026
 - PEIMS Mid-Year Resubmission Due Date: February 12, 2026

Transition to Audit 2.0

- All users must apply for access to the new Audit 2.0 application via TEAL beginning November 1, 2025.

- Role assignments in Audit 2.0 will mirror those in the legacy Audit system
- The legacy Audit application will remain open for FY2024-related submissions but will not accept FY2025 reports.
- For compliance and retention purposes, the legacy system will remain accessible in view-only mode for a minimum of ten years, with documents phased out annually thereafter.

We recommend that financial and audit teams begin preparing for the transition to Audit 2.0 and monitor TEA communications for updates on the OMB supplement and audit submission guidance.

Support

Questions about this correspondence can be submitted to schoolaudits@tea.texas.gov or financialaccountability@tea.texas.gov.