

WESTBROOK
INDEPENDENT SCHOOL DISTRICT
MITCHELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025



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

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**WESTBROOK INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
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CERTIFICATE OF BOARD

**Westbrook
Independent School District**

Name of School District

Mitchell

County

168903

County – District 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 **28th** day of **October, 2025**.

Signature of Board President

Signature of Board Secretary

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

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

Report on Financial Statements Issued in Accordance with *Government Auditing Standards* Accompanied by
Required Supplementary Information, Supplementary Information, and Other Information

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Westbrook 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 Westbrook Independent School 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Westbrook 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Westbrook 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.

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 the Westbrook 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.

James E. Rodgers and Company, P.C.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Westbrook 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 the Westbrook 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, and budgetary comparison information reported in Exhibit G-1, and schedules for pension and OPEB liabilities and contributions reported in Exhibits G-2, G-3, G-4, and G-5 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.

James E. Rodgers and Company, P.C.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westbrook Independent School District's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and required Texas Education Agency Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the required Texas Education Agency schedules, and the Schools First Questionnaire reported in Exhibit L-1, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, on our consideration of the Westbrook 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 the Westbrook 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 Westbrook Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



James E. Rodgers and Company, P.C.

Westbrook Independent School District
Administration Office
P O Box 99
Westbrook, Texas 79565
Ph: 325-644-2311 – Fax: 325-644-5101

Dr. Raemi Thompson, Superintendent

Mr. Shay Avants, Principal

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Westbrook Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Highlights of Current Fiscal Year Finances

Government Wide Total Net Position at the End of the Year	\$	14,580,392
Government Wide Revenues for the Current Fiscal Year		4,966,403
Government Wide Expenses for the Current Fiscal Year		4,526,758
Fund Balance in the General Fund at the End of Year		6,182,976

Changes in the Government Wide Finances from the Previous Fiscal Year

	Increase (Decrease)	
	\$	%
<u>Change in Net Position:</u>		
Change in the Government Wide Total Net Position	\$ 345,165	2.42%
<u>Revenue Changes:</u>		
Change in the Government Wide Total Revenues	\$ 661,035	15.35%
Change in the Government Wide Property Tax Revenues	79,895	2.92%
Change in the Government Wide State Aid Formula Grants	(106,812)	-26.24%
Change in Operating Grants and Contributions	(97,752)	-14.50%
<u>Expense Changes:</u>		
Change in the Government Wide Total Expenses	\$ 82,197	1.85%
<u>Other Information:</u>		
Change in General Fund Balance	\$ (39,819)	-0.64%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	(497,877)	-27.01%

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information for all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported a *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees & charges (*governmental activities*). The governmental activities of the District include the education of District students and the programs necessary to support such education.

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

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

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

The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund since it is a major fund as defined by governmental accounting standards. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the other supplementary information section of this report.

Proprietary funds. The District maintains proprietary funds. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District does not utilize internal service funds. Internal service funds are generally considered a *governmental activity* and are included in the government-wide financial statements. *Enterprise funds* are used to account for the water utilities activity.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District maintains student activity accounts as custodial fiduciary funds.

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

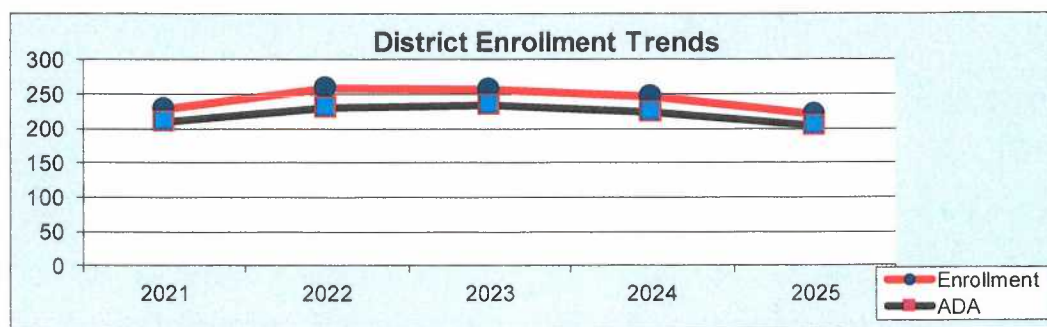
Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. In addition, certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension plan with the Teacher Retirement System of Texas.

DISTRICT FINANCES

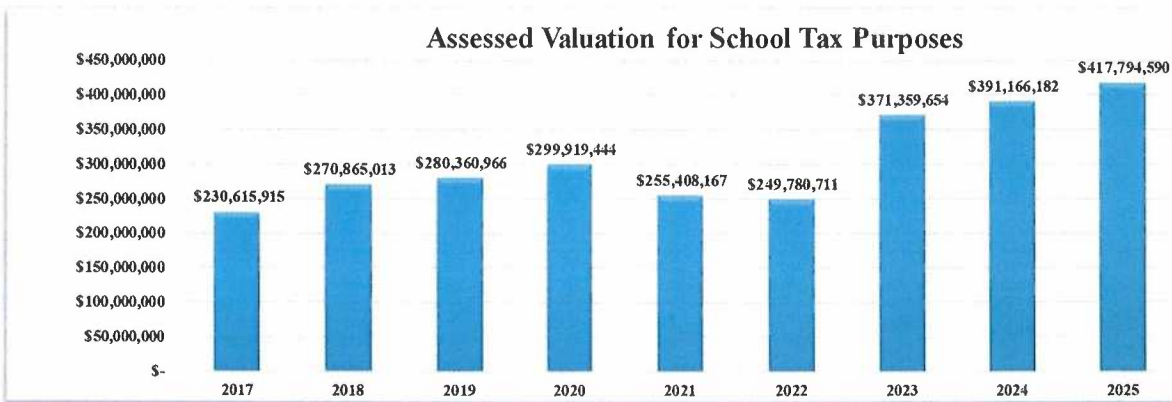
State funding for public education in Texas is based upon the District's average daily attendance, thus the District's revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District. The following chart details the enrollment trends of the District.

ENROLLMENT TRENDS

Year	Enrollment	ADA
2021	227	209
2022	258	229
2023	255	233
2024	245	223
2025	220	204



The ability of the District to assess and generate property tax revenue depends on the valuation of property within the physical boundaries of the District. Following is a history of property valuation for tax purposes.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table indicates the net position of the District at the end of the current and prior fiscal years.

Table I Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Current and other assets	\$ 6,657,533	\$ 6,608,868	\$ 1,562	\$ 1,231	\$ 6,659,095	\$ 6,610,099
Capital assets	10,042,120	10,580,837	10,206	7,903	10,052,326	10,588,740
Deferred outflow of resources	984,532	794,245	-	-	984,532	794,245
Total assets & deferred outflows	\$ 17,684,185	\$ 17,983,950	\$ 11,768	\$ 9,134	\$ 17,695,953	\$ 17,993,084
Long-term liabilities	\$ 33,479	\$ 259,781	\$ -	\$ -	\$ 33,479	\$ 259,781
Other current liabilities	230,444	224,778	4,508	3,685	234,952	228,463
Net pension liability	1,007,926	838,883	-	-	1,007,926	838,883
Net OPEB liability	683,462	728,024	-	-	683,462	728,024
Deferred inflow of resources	1,500,907	1,357,541	-	-	1,500,907	1,357,541
Total liabilities & deferred inflows	\$ 3,456,218	\$ 3,409,007	\$ 4,508	\$ 3,685	\$ 3,460,726	\$ 3,412,692
Net Position:						
Net Investment in Capital Assets	\$ 10,008,641	\$ 10,423,324	\$ 10,206	\$ 7,903	\$ 10,018,847	\$ 10,431,227
Restricted	5,772	-	-	-	5,772	-
Unrestricted	4,213,554	4,151,619	(2,946)	(2,454)	4,210,608	4,149,165
Total net position	\$ 14,227,967	\$ 14,574,943	\$ 7,260	\$ 5,449	\$ 14,235,227	\$ 14,580,392

The following table indicates the changes in net position of the District during current and prior fiscal years.

Table II Changes in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Program Revenues:						
Charges for Services	\$ 98,061	\$ 81,026	\$ 37,231	\$ 54,480	\$ 135,292	\$ 135,506
Operating grants & contributions	674,370	576,618	-	-	674,370	576,618
General Revenues:						
Maintenance & operations taxes	2,736,977	2,816,872	-	-	2,736,977	2,816,872
State aid - formula grants	407,131	300,319	-	-	407,131	300,319
Investment earnings	333,552	294,700	-	-	333,552	294,700
Miscellaneous, Insurance Recovery, Other	18,046	842,388	-	-	18,046	842,388
Total Revenues	\$ 4,268,137	\$ 4,911,923	\$ 37,231	\$ 54,480	\$ 4,305,368	\$ 4,966,403
Expenses						
Instruction	\$ 2,044,007	\$ 2,183,196	\$ -	\$ -	\$ 2,044,007	\$ 2,183,196
Instructional Resources & Media Services	18,460	714	-	-	18,460	714
Curriculum & Instructional Staff Development	3,685	905	-	-	3,685	905
School Leadership	117,788	119,004	-	-	117,788	119,004
Guidance, Counseling & Evaluation Services	42,373	47,218	-	-	42,373	47,218
Health Services	25,948	30,349	-	-	25,948	30,349
Student Transportation	155,616	147,929	-	-	155,616	147,929
Food Services	251,694	250,376	-	-	251,694	250,376
Extracurricular Activities	378,048	358,130	-	-	378,048	358,130
General Administration	291,202	293,308	-	-	291,202	293,308
Facilities Maintenance and Operations	810,576	789,272	-	-	810,576	789,272
Security and Monitoring Services	31,052	30,441	-	-	31,052	30,441
Data Processing Services	115,012	115,103	-	-	115,012	115,103
Debt Service - Interest on Long Term Debt	1,158	1,472	-	-	1,158	1,472
Contracted Instructional Services Between Schools	792	-	-	-	792	-
Payments to Fiscal Agent/Member Districts of SSA	39,937	24,476	-	-	39,937	24,476
Other Intergovernmental Charges	69,989	68,574	47,224	66,291	117,213	134,865
Total Expenses	\$ 4,397,337	\$ 4,460,467	\$ 47,224	\$ 66,291	\$ 4,444,561	\$ 4,526,758
Increase in Net Position before transfers and special items	\$ (129,200)	\$ 451,456	\$ (9,993)	\$ (11,811)	\$ (139,193)	\$ 439,645
Transfers	(5,000)	(10,000)	5,000	10,000	-	-
Prior Period Adjustments	-	(94,480)	-	-	-	(94,480)
Net position at 9/1	14,362,167	14,227,967	12,253	7,260	14,374,420	14,235,227
Total Net Position	\$ 14,227,967	\$ 14,574,943	\$ 7,260	\$ 5,449	\$ 14,235,227	\$ 14,580,392

The change in governmental activities net position for the year can be disaggregated as follows:

<u>Change in Government Wide Net Position:</u>	
Excess of Revenues Over Expenditures for Governmental Funds	\$ (45,591)
Current Year Purchases of Capital Assets	1,040,877
Current Year Debt Principal Payments	56,731
Depreciation	(498,936)
Other Modified to Full Accrual Revenue Adjustments	(189,185)
Net Adjustment to Pension Expense per GASB 68	(12,417)
Net Adjustments for OPEB Plan required by GASB 75	89,977
Change in Net Position of Governmental Activities	<u>\$ 441,456</u>

THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements			
	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	(107,925)	-	(107,925)
Net Change in Fund Balance	\$ (39,819)	\$ (5,772)	\$ (45,591)
Beginning Fund Balance	6,222,795	5,772	6,228,567
Ending Fund Balance			
All Governmental Funds	\$ 6,182,976	\$ -	\$ 6,182,976

The District modified its budget during the year resulting in a net increase in budgeted expenditures between the original and final budget in the District's General Fund. Amendments were made in various functions, with significant amendments made for student transportation and facilities maintenance and operation expenditures. Detail is provided in Exhibit G-1 – the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Current year additions to capital assets included the following:

Current Year Capital Assets Additions:

Roof Renovation	\$ 562,728
Outdoor Classroom	35,677
Playground	90,037
Security System and Fencing	171,670
Activity Bus	180,765
Total Additions	\$ 1,040,877

The District's next fiscal year capital budget has no significant provisions for capital outlay expenditures.

Debt

The District's long-term debt obligations include the following:

Long-Term Debt					
	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding End of Year	Next Year's Total Principal and Interest Requirement
Copiers Lease	3.00%	80,285	1,158	17,718	16,548
Activity Bus Lease	4.95%	180,765	686	139,795	41,656
TOTALS		\$ 261,050	\$ 1,844	\$ 157,513	\$ 58,204

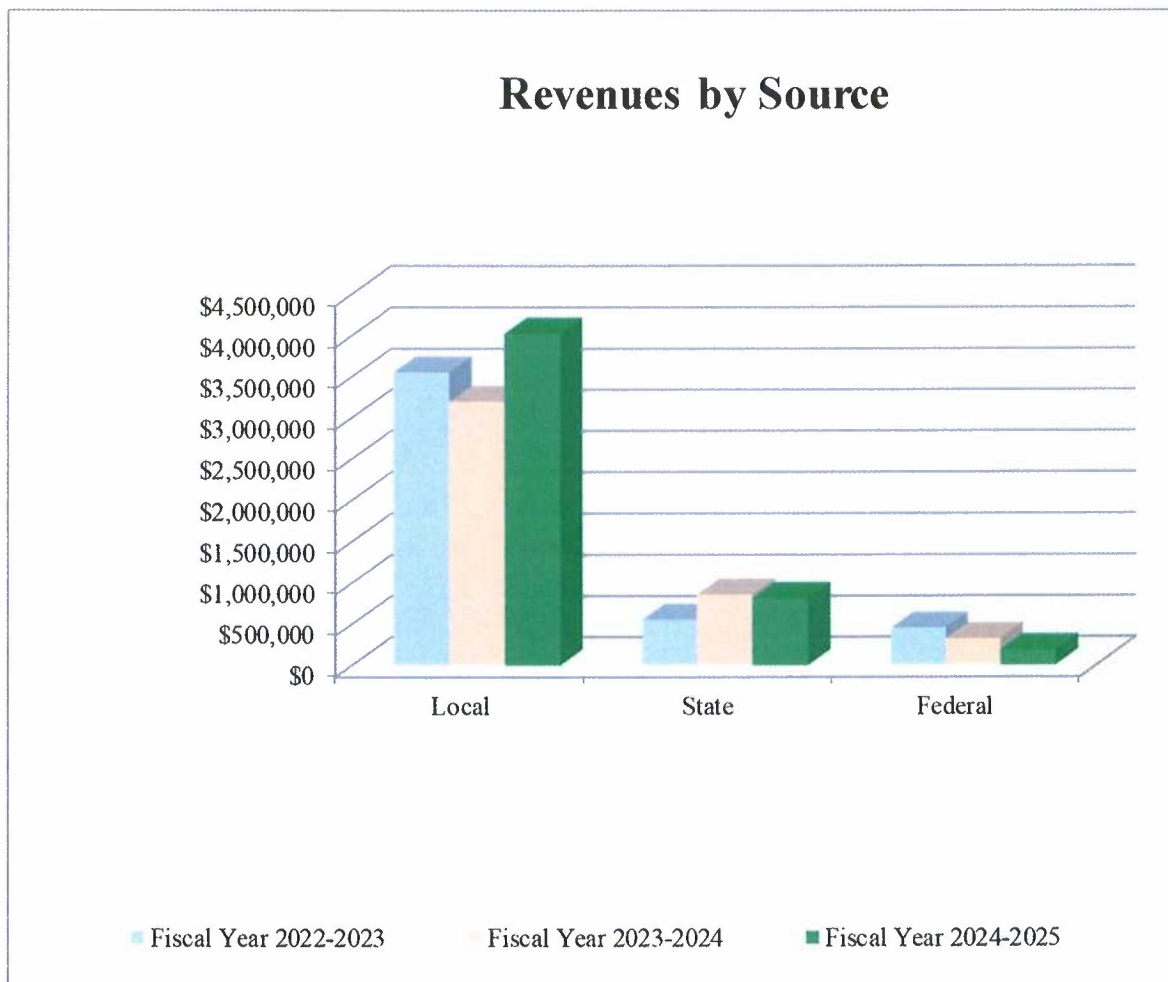
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Expected student enrollment, property values for ad valorem taxation, and instructional staff needed were factors implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

Fiscal Year 2025 - 2026 Adopted Budget		
	General Fund	Food Service Fund
Revenues	\$ 3,969,693	\$ 177,500
Expenditures	(3,966,433)	(208,928)
Other Financing Sources	-	82,500
Other Financing Uses	(92,500)	-
Net Change in Fund Balance	\$ (89,240)	\$ 51,072
Beginning of Year Fund Balance	6,182,976	-
Projected End of Year Fund Balance	\$ 6,093,736	\$ 51,072

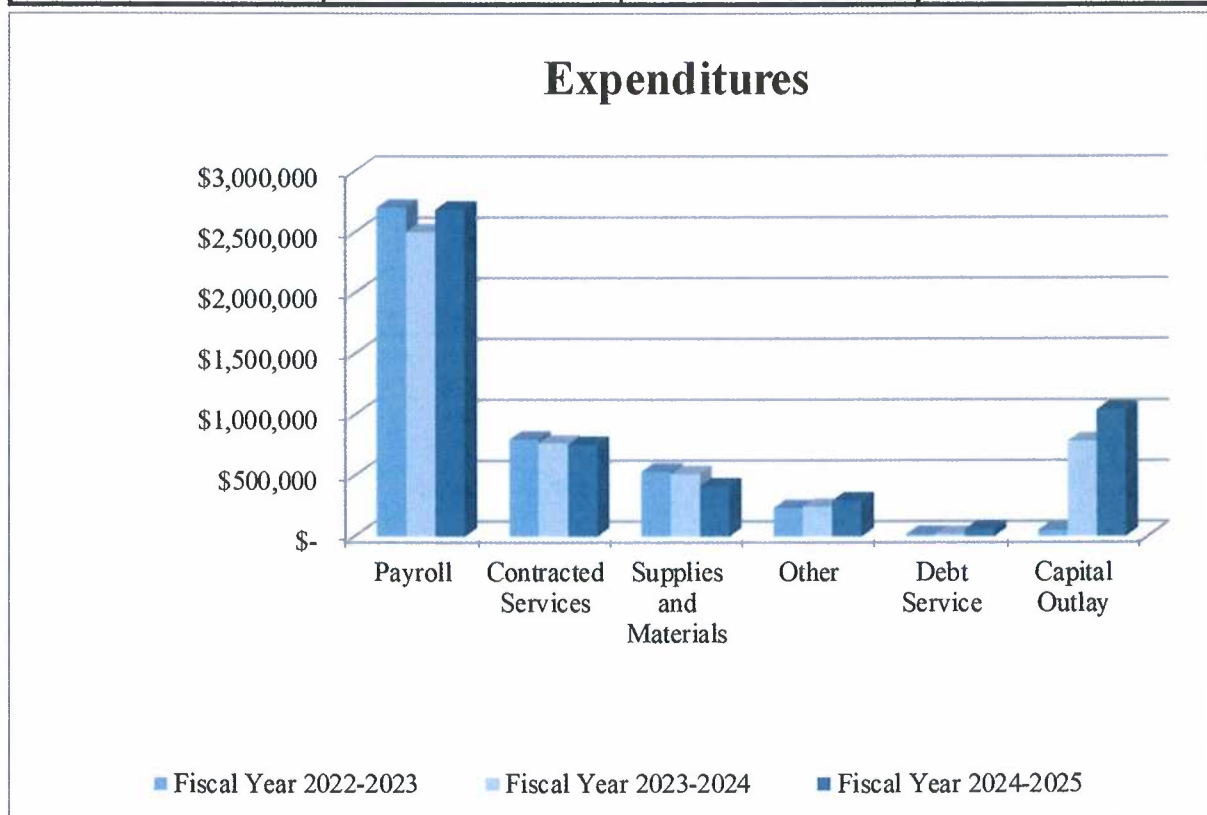
The following graph indicates the District's revenues by source for the last three years.

REVENUES BY SOURCE			
	Fiscal Year 2022-2023	Fiscal Year 2023-2024	Fiscal Year 2024-2025
ADA	233	223	204
Local	\$3,553,677	\$3,194,771	\$4,024,718
State	552,770	857,452	812,521
Federal	448,832	318,479	183,292
Total	\$4,555,279	\$4,370,702	\$5,020,531



The following graph presents expenditures for the District for the last three years.

Expenditures By Type			
	Fiscal Year 2022-2023	Fiscal Year 2023-2024	Fiscal Year 2024-2025
Total Staff	40	39	36
Payroll	\$ 2,705,390	\$ 2,502,493	\$ 2,688,306
Contracted Services	799,745	767,337	754,115
Supplies and Materials	532,187	514,822	412,637
Other	233,002	243,110	293,649
Debt Service	16,547	16,547	58,203
Capital Outlay	48,761	785,432	1,040,877
Total	\$ 4,335,632	\$ 4,829,741	\$ 5,247,787



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at **Westbrook Independent School District, 102 Bertner, Westbrook, Texas 79565; (325) 644-2311** or visit us at our website at <http://www.westbrookisd.com>.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 6,310,161	\$ 1,231	\$ 6,311,392
1220	Property Taxes - Delinquent	268,152	-	268,152
1230	Allowance for Uncollectible Taxes	(67,038)	-	(67,038)
1240	Due from Other Governments	83,786	-	83,786
1290	Other Receivables, Net	13,807	-	13,807
Capital Assets:				
1510	Land	473,501	-	473,501
1520	Buildings, Net	9,584,687	7,903	9,592,590
1530	Furniture and Equipment, Net	335,861	-	335,861
1550	Right-to-Use Leased Assets, Net	186,788	-	186,788
1000	Total Assets	17,189,705	9,134	17,198,839
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred Outflow Related to TRS Pension	219,745	-	219,745
1706	Deferred Outflow Related to TRS OPEB	574,500	-	574,500
1700	Total Deferred Outflows of Resources	794,245	-	794,245
LIABILITIES				
2110	Accounts Payable	44,145	3,685	47,830
2160	Accrued Wages Payable	112,779	-	112,779
2180	Due to Other Governments	65,534	-	65,534
2200	Accrued Expenses	2,320	-	2,320
Noncurrent Liabilities:				
2501	Due Within One Year: Loans, Note, Leases, etc.	76,735	-	76,735
Due in More than One Year:				
2502	Bonds, Notes, Loans, Leases, etc.	183,046	-	183,046
2540	Net Pension Liability (District's Share)	838,883	-	838,883
2545	Net OPEB Liability (District's Share)	728,024	-	728,024
2000	Total Liabilities	2,051,466	3,685	2,055,151
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS Pension	143,948	-	143,948
2606	Deferred Inflow Related to TRS OPEB	1,213,593	-	1,213,593
2600	Total Deferred Inflows of Resources	1,357,541	-	1,357,541
NET POSITION				
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	10,423,324	7,903	10,431,227
3900	Unrestricted	4,151,619	(2,454)	4,149,165
3000	Total Net Position	\$ 14,574,943	\$ 5,449	\$ 14,580,392

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 2,183,196	\$ -	\$ 235,735
12 Instructional Resources and Media Services	714	-	101
13 Curriculum and Instructional Staff Development	905	-	-
23 School Leadership	119,004	-	85,794
31 Guidance, Counseling, and Evaluation Services	47,218	-	388
33 Health Services	30,349	-	200
34 Student (Pupil) Transportation	147,929	-	95
35 Food Services	250,376	31,454	78,585
36 Extracurricular Activities	358,130	9,822	635
41 General Administration	293,308	-	1,302
51 Facilities Maintenance and Operations	789,272	39,750	1,320
52 Security and Monitoring Services	30,441	-	171,702
53 Data Processing Services	115,103	-	761
72 Debt Service - Interest on Long-Term Debt	1,472	-	-
93 Payments Related to Shared Services Arrangements	24,476	-	-
99 Other Intergovernmental Charges	68,574	-	-
[TG] Total Governmental Activities:	4,460,467	81,026	576,618
BUSINESS-TYPE ACTIVITIES:			
01 Water Fund	66,291	54,480	-
[TB] Total Business-Type Activities:	66,291	54,480	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 4,526,758	\$ 135,506	\$ 576,618
Data Control Codes	General Revenues:		
MT	Taxes:		
SF	Property Taxes, Levied for General Purposes		
IE	State Aid - Formula Grants		
MI	Investment Earnings		
FR	Miscellaneous Local and Intermediate Revenue		
TR	Transfers In (Out)		
	Total General Revenues & Transfers		
CN	Change in Net Position		
NB	Net Position - Beginning as Previously Reported		
PA	Prior Period Adjustment		
	Net Position - Beginning as Restated and Adjusted		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,947,461)	\$ -	\$ (1,947,461)
(613)	-	(613)
(905)	-	(905)
(33,210)	-	(33,210)
(46,830)	-	(46,830)
(30,149)	-	(30,149)
(147,834)	-	(147,834)
(140,337)	-	(140,337)
(347,673)	-	(347,673)
(292,006)	-	(292,006)
(748,202)	-	(748,202)
141,261	-	141,261
(114,342)	-	(114,342)
(1,472)	-	(1,472)
(24,476)	-	(24,476)
(68,574)	-	(68,574)
(3,802,823)	-	(3,802,823)
-	(11,811)	(11,811)
-	(11,811)	(11,811)
(3,802,823)	(11,811)	(3,814,634)
2,816,872	-	2,816,872
300,319	-	300,319
294,700	-	294,700
842,388	-	842,388
(10,000)	10,000	-
4,244,279	10,000	4,254,279
441,456	(1,811)	439,645
14,227,967	7,260	14,235,227
(94,480)	-	(94,480)
14,133,487	7,260	14,140,747
\$ 14,574,943	\$ 5,449	\$ 14,580,392

WESTBROOK 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	\$ 6,296,264	\$ 13,897	\$ 6,310,161
1220 Property Taxes - Delinquent	268,152	-	268,152
1230 Allowance for Uncollectible Taxes	(67,038)	-	(67,038)
1240 Due from Other Governments	60,016	23,770	83,786
1260 Due from Other Funds	15,956	-	15,956
1290 Other Receivables	13,807	-	13,807
1000 Total Assets	<u>\$ 6,587,157</u>	<u>\$ 37,667</u>	<u>\$ 6,624,824</u>
LIABILITIES			
2110 Accounts Payable	\$ 33,011	\$ 11,134	\$ 44,145
2160 Accrued Wages Payable	103,303	9,476	112,779
2170 Due to Other Funds	-	15,956	15,956
2180 Due to Other Governments	65,534	-	65,534
2200 Accrued Expenditures	1,219	1,101	2,320
2000 Total Liabilities	<u>203,067</u>	<u>37,667</u>	<u>240,734</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	201,114	-	201,114
2600 Total Deferred Inflows of Resources	<u>201,114</u>	<u>-</u>	<u>201,114</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:			
3510 Construction	4,000,000	-	4,000,000
3530 Capital Expenditures for Equipment	500,000	-	500,000
3600 Unassigned Fund Balance	1,682,976	-	1,682,976
3000 Total Fund Balances	<u>6,182,976</u>	<u>-</u>	<u>6,182,976</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,587,157</u>	<u>\$ 37,667</u>	<u>\$ 6,624,824</u>

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

WESTBROOK 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	\$ 6,182,976
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the historical cost of these assets less the accumulated depreciation increases net position. In addition, long-term liabilities are not due and payable in the current period, and, therefore are not reported as liabilities in the funds although the District does not have any long-term obligations. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase reported net position.	10,008,641
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	1,097,608
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68, a deferred resource inflow related to TRS, and a deferred resource outflow related to TRS. This amounted to a decrease in reported net position.	(763,086)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75, a deferred resource inflow related to TRS OPEB, and a deferred resource outflow related to TRS OPEB. This amounted to a decrease in reported net position.	(1,367,117)
5 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(498,936)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of long-term debt issues as an increase in long-term liabilities payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease reported net position.	(85,143)
29 Net Position of Governmental Activities	\$ 14,574,943

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

WESTBROOK 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	\$ 3,992,203	\$ 32,515	\$ 4,024,718
5800 State Program Revenues	441,106	371,415	812,521
5900 Federal Program Revenues	-	183,292	183,292
5020 Total Revenues	4,433,309	587,222	5,020,531
EXPENDITURES:			
Current:			
0011 Instruction	1,816,762	219,457	2,036,219
0012 Instructional Resources and Media Services	1,350	-	1,350
0013 Curriculum and Instructional Staff Development	905	-	905
0023 School Leadership	41,286	84,995	126,281
0031 Guidance, Counseling, and Evaluation Services	50,197	-	50,197
0033 Health Services	31,832	-	31,832
0034 Student (Pupil) Transportation	272,937	-	272,937
0035 Food Services	-	214,797	214,797
0036 Extracurricular Activities	312,478	-	312,478
0041 General Administration	305,198	-	305,198
0051 Facilities Maintenance and Operations	1,437,115	-	1,437,115
0052 Security and Monitoring Services	15,169	171,670	186,839
0053 Data Processing Services	120,386	-	120,386
Debt Service:			
0071 Principal on Long-Term Liabilities	56,731	-	56,731
0072 Interest on Long-Term Liabilities	1,472	-	1,472
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	24,476	-	24,476
0099 Other Intergovernmental Charges	68,574	-	68,574
6030 Total Expenditures	4,556,868	690,919	5,247,787
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,559)	(103,697)	(227,256)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	10,900	-	10,900
7913 Right-to-Use Lease and SBITA Proceeds	180,765	-	180,765
7915 Transfers In	-	97,925	97,925
8911 Transfers Out (Use)	(107,925)	-	(107,925)
7080 Total Other Financing Sources (Uses)	83,740	97,925	181,665
1200 Net Change in Fund Balances	(39,819)	(5,772)	(45,591)
0100 Fund Balance - September 1 (Beginning)	6,222,795	5,772	6,228,567
3000 Fund Balance - August 31 (Ending)	\$ 6,182,976	\$ -	\$ 6,182,976

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

WESTBROOK 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	\$ (45,591)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase the change in net position.	1,097,608
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(498,936)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of any long-term debt issued, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(189,185)
Current year adjustments to the change in net position includes adjustments related to GASB 68 pension which increased revenues, but also increased expenditures. The net effect was a decrease in the change in net position.	(12,417)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position. The net result is an increase in the change in net position.	89,977
Change in Net Position of Governmental Activities	\$ 441,456

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

WESTBROOK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,231
Total Current Assets	<u>1,231</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements, Net	<u>7,903</u>
Total Noncurrent Assets	<u>7,903</u>
Total Assets	<u>9,134</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>3,685</u>
Total Liabilities	<u>3,685</u>
NET POSITION	
Net Investment in Capital Assets	7,903
Unrestricted Net Position	<u>(2,454)</u>
Total Net Position	<u><u>\$ 5,449</u></u>

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

WESTBROOK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 54,480
Total Operating Revenues	54,480
OPERATING EXPENSES:	
Professional and Contracted Services	63,026
Supplies and Materials	962
Depreciation Expense	2,303
Total Operating Expenses	66,291
Income (Loss) Before Transfers	(11,811)
Transfers In	10,000
Change in Net Position	(1,811)
Total Net Position September 1 (Beginning)	7,260
Total Net Position August 31 (Ending)	\$ 5,449

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

WESTBROOK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT D-3

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 54,480
Cash Payments for Suppliers	(962)
Cash Payments for Other Operating Expenses	(63,849)
Net Cash Used for Operating Activities	(10,331)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers In	10,000
Net Decrease in Cash and Cash Equivalents	(331)
Cash and Cash Equivalents at Beginning of Year	1,562
Cash and Cash Equivalents at End of Year	\$ 1,231
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (11,811)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	2,303
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(823)
Net Cash Used for Operating Activities	\$ (10,331)
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 1,231
Pooled Cash and Cash Equivalents on Balance Sheet	-
Total Cash and Cash Equivalents	\$ 1,231

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

WESTBROOK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 159,069
Total Assets	<u>159,069</u>
LIABILITIES	
Accounts Payable	<u>1,342</u>
Total Liabilities	<u>1,342</u>
NET POSITION	
Unrestricted Net Position	<u>157,727</u>
Total Net Position	<u><u>\$ 157,727</u></u>

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

WESTBROOK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Custodial Fund
ADDITIONS:	
Cocurricular Services or Activities	\$ 185,028
Total Additions	<u>185,028</u>
DEDUCTIONS:	
Other Deductions	<u>155,839</u>
Total Deductions	<u>155,839</u>
Change in Fiduciary Net Position	29,189
Total Net Position September 1 (Beginning)	<u>128,538</u>
Total Net Position August 31 (Ending)	<u><u>\$ 157,727</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Westbrook Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. For financial reporting purposes, the accompanying financial statements include all the operations over which the District is financially accountable. The District applies current GASB criteria to potential component units and other related entities in evaluating the potential inclusion in the reporting entity. The criteria for inclusion in the reporting entity involves whether the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the District such that exclusion of such information would cause the District's financial statements to be incomplete. For the current fiscal year, the reporting entity of the District does not include any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all the **Westbrook Independent School District** non-fiduciary activities with most of the Inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All Inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as Inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and report their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

General Fund – The general fund is the District's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.

There were no changes in major funds reported for this fiscal year as compared to the prior fiscal year. The General Fund was the only major fund reported in both fiscal years. The District does not maintain any major enterprise funds.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. The District did not maintain a debt service fund during the year.

Capital Projects Funds – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District did not maintain a capital projects fund during the year.

Proprietary Funds:

Enterprise Funds – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. When applicable, the District maintains a private purpose trust fund to provide scholarships for students that have graduated from the District.

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds including funds used to account for student activities.

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to / from other funds”. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in any business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in / out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end. The District did not have material inventories at year end.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period expenditures.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	40
Building Improvements	30
Vehicles and Equipment	10
Right-to-Use Lease Assets	Lease Term
Subscription Based Information Technology Arrangements (SBITA) Assets	Subscription Term

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole. The District does not currently utilize Internal Service Funds.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, provides statutory workers' compensation benefits to its members and their injured employees.

9. Net Position and Fund Balances:

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

11. The District applies the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.
12. Investment income reported in one fund has not been assigned directly to another fund by the District.
13. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
14. Deferred Outflows of Resources: The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and

proprietary funds statements of net position. Deferred outflow of resources relating to pension and OPEB plans are reported in the government-wide financial statements. No deferred outflows of resources affect the governmental funds financial statements in the current year.

15. **Deferred Inflow of Resources:** The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has governmental fund revenues that are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The District also has deferred inflows of resources relating to its pension and OPEB plan that are reported in its government-wide or proprietary fund financial statements for the current year.
16. **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.
17. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the new OPEB liability, deferred outflows of resources and deferred inflows or resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.
18. **Change in Accounting Principles:** As the result of implementing GASB Statement No. 101 for Compensated Absences, the District has restated the beginning net position in the government-wide Statement of Net Position and Statement of Activities, decreasing net position as of September 1, 2024. The decrease results from including estimated accumulated leave for employees that will **more likely than not** be used in the future as a long-term liability on the government-wide Statement of Net Position. The change is reported as a change in accounting principle according to the provisions of GASB Statement No 100. Specific disclosures of changes in accounting principles are provided in Note U.

II RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Adjustment to Net Position
Land	\$ 473,501		\$ 473,501	
Buildings and Improvements	17,546,022	(8,251,470)	9,294,552	
Equipment and Vehicles	1,514,513	(1,272,306)	242,207	
Right-to-Use Lease Assets	80,285	(48,425)	31,860	
Change in Net Position	\$ 19,614,321	\$ (9,572,201)		\$ 10,042,120

Long-Term Liabilities at the Beginning of the Year	Payable at Beginning of Year
Bonds Payable	\$ -
Right-to-Use Lease Liabilities	33,479
Change in Net Position	33,479
Net Adjustment to Net Position	\$ 10,008,641

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments to Net Position	Adjustments To Changes in Net Position
Current Year Capital Outlay			
Buildings & Improvements	\$ 688,442		
Equipment and Vehicles	171,670		
Right-to-Use Lease Assets	180,765		
Total Capital Outlay	\$ 1,040,877	\$ 1,040,877	\$ 1,040,877
Debt Principal Payments			
Bond Principal	\$ -		
Right-to-Use Lease Liabilities Principal	56,731		
Total Principal Payments	\$ 56,731	56,731	56,731
Total Adjustment to Net Position		\$ 1,097,608	\$ 1,097,608

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Net Position	Adjustments to Change in Net Position
<u>Adjustments to Revenue, Unearned Revenue, Beginning Net Position</u>			
Begin Year Unearned Property Tax Revenue	\$ 198,522	\$ 198,522	\$ -
Modified to Full Accrual Property Tax Adjustments	2,592	2,592	2,592
Beginning Compensated Absences Liability (GASB 101)	94,480	(94,480)	-
<u>Reclassify Proceeds of Long-Term Debt Issued During Year</u>			
Proceeds of Right-to-Use Leases Executed	180,765	(180,765)	(180,765)
<u>Expenditure Adjustments to Full Accrual From Modified Accrual:</u>			
Basis on Disposition of Capital Assets	3,224	(3,224)	(3,224)
Change in Accrued Compensated Absences Liability	7,788	(7,788)	(7,788)
Totals		\$ (85,143)	\$ (189,185)

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Child Nutrition Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other report for the Child Nutrition Fund is reported in Exhibit J-2 as reported in the required Texas Education Agency Schedules.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- Prior to August 20, 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.
- 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.
- Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level 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 before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. These amendments included additional function 11 instructional expenditures.
- Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	End of Year Fund Balance
<u>Appropriated Special Revenue Funds:</u>	
Child Nutrition Fund	\$ -
<u>Non-appropriated Special Revenue Funds:</u>	
Others	-
All Special Revenue Funds	\$ -

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District discloses budget accountability and compliance in Section C of the Notes to Required Supplementary Information.

C. DEFICIT FUND EQUITY

The District did not incur a deficit fund balance in any fund during the current school year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

Cash and Cash Equivalents by Type	End of Fiscal Year
Cash Deposits in Bank	\$ 6,470,461
Certificates of Deposit Maturity to 3 months	-
Total Cash and Cash Equivalents by Account Type	\$ 6,470,461
Cash and Cash Equivalents by Fund:	End of Fiscal Year
Cash and Cash Equivalents:	
General Fund	\$ 6,296,264
Major Governmental Funds	-
Non-Major Governmental Funds	13,897
Cash and Investments - Enterprise	
Enterprise Funds	1,231
Custodial Fund	159,069
Total Cash and Cash Equivalents by Fund	\$ 6,470,461

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

Custodial Credit Risk	Highest Cash Balance	End of Fiscal Year
Name of Depository Bank: First Bank and Trust Texas		
Total amount of FDIC Insurance (FDIC)	\$ 250,000	\$ 250,000
Securities Pledged	-	-
Letters of Credit	9,500,000	7,500,000
Total FDIC, Securities Pledged, Letters of Credit	\$ 9,750,000	\$ 7,750,000
Cash Deposits and Cash Investments in Bank	\$ 7,945,550	\$ 6,505,079
Excess or (Shortage) of Deposits compared to FDIC and Letter of Credit	\$ 1,804,450	\$ 1,244,921
The District's cash deposits were entirely covered by FDIC insurance, letters of credit, or other pledged securities by the Depository	YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of the end of the current fiscal year, the District had the following investments:

Investments	End of Fiscal Year Value	Fair Value Measurements Using				Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)				
Investments measured at amortized cost -								
Investment pools:								
None	\$	-	\$	-	\$	-	0.00%	
Investments measured at net asset value (NAV)-								
Investment pools:								
None	\$	-	\$	-	\$	-	0.00%	
Investments measured by fair value level -								
Total Investments	\$	-	\$	-	\$	-	0.00%	

B. 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 located in the District 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND TYPE	Due From Other Funds	Due To Other Funds	Purpose of Interfund Receivable / Payable
Governmental Fund Types			
General Fund	\$ 15,956	\$ -	Short-term funding for grant costs that will be reimbursed after the end of year.
Special Revenue Funds	-	15,956	Short-term funding for grant costs that will be reimbursed after the end of year.
Proprietary Fund Types			
Enterprise Funds	-	-	
Fiduciary Fund Types			
Custodial Funds	-	-	
Total Interfund Receivables / Payables	\$ 15,956	\$ 15,956	

Inter-fund transfers for the current year end consisted of the following amounts:

FUND	Transfers In	Transfers Out	Purpose of Interfund Transfers
Governmental Fund Types			
General Fund	\$ -	\$ (107,925)	See explanations in other fund groups below.
Special Revenue Funds	97,925	-	\$97,925 transfer to the Child Nutrition Fund to fund costs exceeding program revenues.
Proprietary Fund Types			
Enterprise Funds	10,000	-	\$10,000 transfer from General Fund to the Enterprise Fund to supplement operating funds for that activity.
Internal Service Funds	-	-	
Total Transfers	\$ 107,925	\$ (107,925)	

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 268,152	\$ 60,016	\$ 15,956	\$ 13,807	\$ 357,931
Special Revenue Funds	-	23,770	-	-	23,770
Total Governmental Activities	\$ 268,152	\$ 83,786	\$ 15,956	\$ 13,807	\$ 381,701
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities:					
Non-major Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Major Enterprise Funds	-	-	-	-	-
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at year end were as follows:

	Accounts Payable	Accrued Wages Payable	Due To Other Funds	Due to Other Governments	Payroll Liabilities and Accrued Expenditures	Total Payables
Governmental Activities:						
General Fund	\$ 33,011	\$ 103,303	\$ -	\$ 65,534	\$ 1,219	\$ 203,067
Special Revenue Funds	11,134	9,476	15,956	-	1,101	37,667
Total Governmental Type Activities	\$ 44,145	\$ 112,779	\$ 15,956	\$ 65,534	\$ 2,320	\$ 240,734
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-Type Activities:						
Non-major Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year was as follows:

Primary Government				
	Beginning Balance	Additions	Deletions, Reclassifications	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 473,501	\$ -	\$ -	\$ 473,501
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	17,546,022	688,442	-	18,234,464
Equipment and Vehicles	1,514,513	171,670	(233,712)	1,452,471
Right-to-Use Lease Assets	80,285	180,765	-	261,050
SBITA Assets	-	-	-	-
Totals at Historic Cost	\$ 19,614,321	\$ 1,040,877	\$ (233,712)	\$ 20,421,486
Less Accumulated Depreciation / Amortization:				
Buildings and Improvements	\$ 8,251,470	\$ 398,307	\$ -	\$ 8,649,777
Equipment and Vehicles	1,272,306	74,792	(230,488)	1,116,610
Right-to-Use Lease Assets	48,425	25,837	-	74,262
SBITA Assets	-	-	-	-
Total Accumulated Depreciation	\$ 9,572,201	\$ 498,936	\$ (230,488)	\$ 9,840,649
Governmental Activities Capital Assets- Net	\$ 10,042,120	\$ 541,941	\$ (3,224)	\$ 10,580,837
Business-type Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ -	\$ -	\$ -	\$ -
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	95,167	-	-	95,167
Totals at Historic Cost	\$ 95,167	\$ -	\$ -	\$ 95,167
Less Accumulated Depreciation				
Buildings and Improvements	\$ 84,961	\$ 2,303	\$ -	\$ 87,264
Total Accumulated Depreciation	\$ 84,961	\$ 2,303	\$ -	\$ 87,264
Business-type Activities Capital Assets- Net	\$ 10,206	\$ (2,303)	\$ -	\$ 7,903
Depreciation expense was charged to governmental activities functions as follows:				
Instruction				\$ 280,847
Instructional Leadership				-
Student (Pupil) Transportation				56,473
Food Services				41,755
Extracurricular Activities				52,108
General Administration				90
Facilities Maintenance and Operations				52,093
Security and Monitoring				15,570
Total Depreciation Expense - Governmental Activities				\$ 498,936
Depreciation expense was charged to proprietary activities functions as follows:				
Facilities Maintenance and Operations				\$ 2,303
Total Depreciation Expense - Proprietary Activities				\$ 2,303

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land as listed in the previous table.

Intangible Right-to-Use Assets

The District applies the guidance in GASBS No. 87, Leases, and recognizes the value of copiers and an activity bus in reporting right-to-use lease assets. During the current fiscal year, the District had a lease agreement in place for copiers. Another lease was entered into this year for an activity bus. Terms of the leases are described in Note H.

Subscription Based Information Technology Arrangements Liabilities

The District also applies the guidance in **GASBS 96 Subscription Based Information Technology Arrangements** (SBITA's). No material software arrangements were identified by the District. As such, no SBITA assets were recorded and amortized over the subscription term.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District had no short-term debt obligations at any time during the current fiscal year.

H. LONG-TERM DEBT OBLIGATIONS

Following is a summary of the District's long-term obligations activity for the current fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Long-Term Obligations</u>					
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
RTU Lease Liabilities	33,479	180,765	56,731	157,513	51,168
Total Long-Term Obligations	\$ 33,479	\$ 180,765	\$ 56,731	\$ 157,513	\$ 51,168
<u>Other Liabilities</u>					
(a) Compensated Absences	\$ 94,480	\$ 7,788	\$ -	\$ 102,268	\$ 25,567
Total Other Liabilities	\$ 94,480	\$ 7,788	\$ -	\$ 102,268	\$ 25,567
Total Governmental Activities Long-Term Liabilities	\$ 127,959	\$ 188,553	\$ 56,731	\$ 259,781	\$ 76,735

(a) Beginning balance restated in accordance with GASB 100 and 101.

Reconciliation of amounts reported on Exhibit A-1 Statement of Net Position:

Long-Term Obligations - Amounts due within one year	\$ 76,735
Long-Term Obligations - Amounts due after one year	183,046
Total Long - Term Obligations Payable	<u>\$ 259,781</u>

Reconciliation of amount reported for liability reduction to principal payments reported on Exhibit C-3:

Total principal reductions to long-term obligations as presented above	\$ 56,731
Amount reported on Exhibit C-3, function 71, principal payments	<u>\$ 56,731</u>

Long-term obligation details by debt obligation are as follows:

Description	Interest Rate	Original Issue / NPV at Issuance	Interest Current Year	Begin Year Balance	Additions	Reductions	End of Year Balance
Right-to-Use Lease Liabilities:							
Copiers Lease - Benchmark	3.00%	\$ 80,285	\$ 786	\$ 33,479	\$ -	\$ 15,761	\$ 17,718
Bus Lease - Santander	4.95%	180,765	686	-	180,765	40,970	139,795
Total Right-to-Use Lease Liabilities			\$ 1,472	\$ 33,479	\$ 180,765	\$ 56,731	\$ 157,513
Total Long-Term Obligations - Governmental Activities			\$ 1,472	\$ 33,479	\$ 180,765	\$ 56,731	\$ 157,513

Annual debt service requirements by obligation type is as follows:

Fiscal Year	General Obligation Bonds		RTU Lease Liabilities		Financed Purchase Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 51,168	\$ 7,036	\$ -	\$ -	\$ 51,168	\$ 7,036
2027	-	-	37,742	5,202	-	-	37,742	5,202
2028	-	-	68,603	3,397	-	-	68,603	3,397
2029	-	-	-	-	-	-	-	-
Totals	\$ -	\$ -	\$ 157,513	\$ 15,635	\$ -	\$ -	\$ 157,513	\$ 15,635

Leases

The District applies the guidance of GASBS No. 87, Leases, for accounting and reporting leases that had previously been reported as operating leases. Following is a summary of right-to-use lease liability activity for the year:

- The District leases a variety of copier/printers for a term of 63 months. The lease on the 2021 copiers expires in 2026. For purposes of discounting future payments on the copiers lease, the District used the interest rate (3%) on its financing agreement to determine an appropriate discount rate.
- The District leases an activity bus for a term of 3 years. The lease on the bus expires in fiscal year 2028. For purposes of discounting future payments on the bus lease, the District used the interest rate (4.95%) on its financing agreement to determine an appropriate discount rate.

Lease payments to maturity of the District's governmental activities right-to-use lease liabilities as of the end of current fiscal year are as follows:

	Copiers Lease - Benchmark		Santander Bus Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 16,432	\$ 116	\$ 34,736	\$ 6,920	\$ 51,168	\$ 7,036
2027	1,286	2	36,456	5,200	37,742	5,202
2028	-	-	68,603	3,397	68,603	3,397
Totals	\$ 17,718	\$ 118	\$ 139,795	\$ 15,517	\$ 157,513	\$ 15,635

The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

Subscription Based Information Technology Arrangements Liabilities

The District also applies the guidance in GASBS 96 *Subscription Based Information Technology Arrangements* (SBITA's). One such software arrangement is for the District's cybersecurity software. The entire three-year subscription costs were paid in the current fiscal year. As such, SBITA assets were recorded and are being amortized over the subscription term. No liability existed at the end of the year since the three-year contract was fully paid at the beginning of the subscription term.

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under short-term lease agreements for equipment are reported as rental expenditures in appropriate functional categories depending on the related usage of the equipment. Those leases provide for month-to-month or other short term rental obligations of 12 months or less.

J. COMPENSATED ABSENCES

Employees of the District are entitled to leave depending on their length of employment and contractual provisions. The District's liability for compensated absences of leave earned, not yet used, but more likely than not to be used in the future is based on historical data. The liability has been calculated using pay rates in effect at the balance sheet date. The District records a liability for leave in the government-wide financial statements.

At August 31, 2025, the liability for accrued compensated absences is reported in the government-wide financial statements was \$102,268. This liability is expected to be liquidated by the particular fund that pays the staff using the leave, which is primarily the General Fund except for staff funded from grant programs.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid an amount for each staff person as set by District policy to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for premiums in excess of the amount paid by the District. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

L. DEFERRED INFLOW OF RESOURCES / UNEARNED REVENUES– GOVERNMENTAL FUND STATEMENTS

Deferred inflows of resources for the governmental fund statements at year-end consisted of the following:

	General Fund	Special Revenue Funds	Total
<u>Deferred Inflows:</u>			
Unavailable Revenue - Property Taxes	\$ 201,114	\$ -	\$ 201,114
<u>Unearned Revenue:</u>			
State and Federal Grants	-	-	-
Total Deferred Inflows / Unearned Revenues	\$ 201,114	\$ -	\$ 201,114

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Available School Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as "Due from State Agencies" except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	State		TOTAL
	Foundation Revenue	Federal and State Grants	
General	\$ 60,016	\$ -	\$ 60,016
Special Revenue	-	23,770	23,770
Debt Service	-	-	-
Totals	\$ 60,016	\$ 23,770	\$ 83,786

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue	Total
		Funds	
Property Taxes	\$ 2,769,336	\$ -	\$ 2,769,336
Property Tax Penalty and Interest	44,944	-	44,944
Investment Income	294,700	-	294,700
Property Rents	39,750	-	39,750
Charges - Food Service & Athletic Events	9,822	32,515	42,337
Insurance Recovery	495,501	-	495,501
Tax Abatement Contract Revenues	300,000	-	300,000
Other Miscellaneous Revenues	38,150	-	38,150
Totals	\$ 3,992,203	\$ 32,515	\$ 4,024,718

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is aware of the potential exposure to claims related to these areas; however, legal counsel and the District are not aware of any pending litigation against the District.

P. COMMITMENTS AND CONTINGENCIES

The District participates in various state and federal grant programs which are governed by various rules and regulation of the grantor agencies. Costs charged to the grant programs are subject to audit and potential adjustment by those agencies. District administration believes there are no significant contingent liabilities relating to compliance with the rules and regulations of those grant programs. The District has no significant construction commitments for facilities improvements or construction.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of various shared services arrangements (SSA's) that are accounted for using Model 3 in the Texas Education Agency (TEA) accounting guide for school districts. The SSA's provide services for member districts. Other districts serve as the fiscal agent for the SSA's. In addition to the District, other member districts participate in the shared services arrangements also. The fiscal agent for each SSA provides SSA services. The member districts provide the funds to the fiscal agent. According to guidance provided in the TEA Resource Guide, the fiscal agent for each SSA has accounted for the fiscal agent's activities of the SSA in special revenue funds. The Shared Service Arrangements listed below have been accounted for using Model 3 in the SSA section of the Resource Guide. The District has accounted for payments to the fiscal agent in the General Fund as intergovernmental expenditures (function 93). A chart detailing the District's participation in those shared services arrangement is as follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Fund	Program Expenditures Current Year
West Central Texas SSA	Special Education	Colorado ISD	Special Education	437	199	\$ 24,476
TOTAL FUNCTION 93 EXPENDITURES						\$ 24,476

The District also participates in shared service arrangements with other school districts / education service centers for various educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, 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 shared services arrangement. Presented below are the shared service arrangements in which the District participates and the extent of funding received and expended under each program.

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	District Special Revenue Fund	Program Expenditures Current Year
Region 14 ESC	General Education	Region 14	ESEA, Title II, Part A	255	\$ 6,540
Region 14 ESC	General Education	Region 14	ESEA, Title IV, Part A	289	7,447

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through October 28, 2025, the date this Annual Financial Report was available to be issued. No material subsequent events had occurred in the period of August 31, 2025 through that date.

S. RELATED ORGANIZATIONS

The District at present does not maintain an educational foundation or have other related entities included in these financial statements. These entities are usually established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. That type of entity would be a "related organization" of the District as defined by generally accepted governmental accounting standards.

T. RELATED PARTY TRANSACTIONS

The District did not incur any material reportable related party transactions or balances as of and during the current year.

U. ACCOUNTING CHANGES and ERROR CORRECTIONS

Accounting changes as defined under GASB 100 are as follows:

	Beginning Balance	Change within the Reporting Entity	Change in Accounting Principle	Error Correction	Beginning Balance as Restated
Net Position - Government Wide Statements					
Governmental Activities	\$ 14,227,967	\$ - (a)	\$ (94,480)	\$ -	\$ 14,133,487
Business-Type Activities	7,260	-	-	-	7,260
Total Government Wide Net Position	\$ 14,235,227	\$ -	\$ (94,480)	\$ -	\$ 14,140,747
Fund Balance - Governmental Funds					
General Fund	\$ 6,222,795	\$ -	\$ -	\$ -	\$ 6,222,795
Nonmajor Funds	5,772	-	-	-	5,772
Total Fund Balance Governmental Funds	\$ 6,228,567	\$ -	\$ -	\$ -	\$ 6,228,567
Fund Net Position - Enterprise Funds					
Major Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Nonmajor Enterprise Funds	7,260	-	-	-	7,260
Total Fund Net Position - Enterprise Funds	\$ 7,260	\$ -	\$ -	\$ -	\$ 7,260

(a) Beginning compensated absences liability per the provisions of GASB 101.

V. RISK FINANCING AND OTHER COVERAGE

Workers' Compensation Pool

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of the end of the fiscal year, the Fund carries a discounted reserve for future development

on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin

Auto, Liability, and Property Program

During the year ended August 31, 2025, Westbrook ISD participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- School Liability
- Property

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates that Westbrook ISD has no additional liability beyond the contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2025, Westbrook ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that Westbrook ISD has no additional liability beyond the contractual obligation for payment of contribution. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

W. DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies. 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 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.

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

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

Pension Plan Fiduciary Net Position. Detailed 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, PO Box 149676, Austin, TX, 78714-0185; or by calling 1-800-223-8778.

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

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 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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.

The following table shows contribution rates by type of contributor for the measurement year 2024 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year 2024. The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

	Contribution Rates	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$ 90,424
Current fiscal year member contributions		\$ 164,436
2024 measurement year NECE on-behalf contributions		\$ 108,440
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2023 Medicare, Part D On-Behalf		\$ 9,243
Fiscal year 2024 Medicare, Part D On-Behalf		\$ 9,637
Fiscal year 2025 Medicare, Part D On-Behalf		\$ 12,160

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entities. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below

which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During the 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.

In addition to the employer contributions listed above, there is a surcharge and employer is subject to:

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

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2024 are disclosed below: (From TRS Annual Comprehensive Financial Report 2024, p. 88.)

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 271,627,434,294
Less: Plan Fiduciary Net Position	(210,543,258,495)
Net Pension Liability	\$ 61,084,175,799
Net Position as Percentage of Total Pension Liability	77.51 %

Actuarial Assumptions. The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
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 Rate	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 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 TRS actuarial valuation report dated November 21, 2023.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent 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 rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation 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 %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	4.4 %	1.0 %
Non-US Developed	13.0	4.2	0.8
Emerging Markets	9.0	5.2	0.7
Private Equity	14.0	6.7	1.2
Stable Value			
Government Bonds	16.0	1.9	0.4
Stable Value Hedge Funds	5.0	3.0	0.2
Absolute Return*	0.0	4.0	0.0
Real Return			
Real Estate	15.0	6.6	1.2
Energy, Natural Resources & Infrastructure	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0	4.0	0.4
Asset Allocation Leverage			
Cash	2.0	1.0	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag****			(0.7)
Expected Return	100.0 %		7.9 %
*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.			

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 1,339,909	\$ 838,883	\$ 423,748

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, Westbrook Independent School District reported a liability of \$838,883 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Westbrook Independent School District. The amount recognized by Westbrook Independent School 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 Westbrook Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 838,883
State's proportionate share that is associated with the District	1,175,429
Total	<u>\$ 2,014,312</u>

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 plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0013733237%, which was an increase(decrease) of (0.0000940230)% from its proportion measured as of August 31, 2023.

Changes In Actuarial Assumptions 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.

Changes in Benefits - The 2023 Texas Legislature passed Senate Bill 10 (SB10), 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 on-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, Westbrook Independent School District recognized pension expense of \$243,324 and revenue of \$140,483 for support provided by the State in the Government Wide Statement of Activities.

Year Ended August 31, 2025 pension expense	<u>\$ 243,324</u>
Revenue for support provided by the State	<u>\$ 140,483</u>

At August 31, 2025, Westbrook Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 46,238	\$ 6,550
Changes in actuarial assumptions	43,313	5,807
Differences between projected and actual investment earnings	5,099	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	34,671	131,591
Total as of August 31, 2024 measurement date	\$ 129,321	\$ 143,948
Contributions paid to TRS subsequent to the measurement date	90,424	
Total as of fiscal year-end	\$ 219,745	\$ 143,948

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the district in pension expense as follows:

Fiscal year ended August 31,	Pension Expense Amount
2026	\$ (19,779)
2027	63,805
2028	(13,405)
2029	(42,465)
2030	(2,782)
Thereafter	(1)

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Summary of Significant Accounting Policies. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Plan Description. The Westbrook Independent School 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 (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public and 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 presented 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% or not more than 0.75% of the salary of each active employee of the school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor as reported for the district by TRS for the TRS measurement year. The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRS-Care liability for the measurement period.

	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	\$	22,408
Current fiscal year member contributions	\$	12,956
2024 measurement year NECE on-behalf contributions	\$	27,300

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether 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 was determined using the following actuarial assumptions.

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 Disability
Rates of Retirement	General Inflation
Rates of Termination	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.

Table 9.F.1: Actuarial Methods and Assumptions	
Component	Result
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 claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

From 2024 TRS ACFR, Note 9, page 79.

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

Discount Rate. A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was an decrease of 0.26 percent in the discount rate from the previous year. Because the investments are held in cash and there is no intentional objective to advance funding the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyers'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.

Sensitivity of the Net OPEB Liability:

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of the net OPEB liability	\$ 864,927	\$ 728,024	\$ 617,405

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 592,868	\$ 728,024	\$ 904,147

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, Westbrook Independent School District reported a liability of \$728,024 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 Westbrook Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 728,024
State's proportionate share that is associated with the District	912,205
Total	<u>\$ 1,640,229</u>

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 proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net OPEB liability was 0.0023986409%. This is an increase (decrease) of (0.0000068860)% from its proportion measured as of August 31, 2023.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

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

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2025, Westbrook Independent School District recognized OPEB expense of \$(186,139) and revenue of \$(118,570) for support provided by the State.

At August 31, 2025, Westbrook Independent School 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	\$ 139,538	\$ 363,324
Changes in actuarial assumptions	93,179	237,546
Differences between projected and actual investment earnings	-	2,039
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	319,375	610,684
Contributions paid to TRS subsequent to the measurement date	22,408	
Total as of fiscal year-end	\$ 574,500	\$ 1,213,593

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the district in OPEB expense as follows:

Fiscal year ended August 31,	OPEB Expense Amount
2026	\$ (80,098)
2027	(47,125)
2028	(122,932)
2029	(112,319)
2030	(121,510)
Thereafter	(177,517)

AA. TAX ABATEMENT

The Westbrook Independent School District Board of Trustees has approved multiple agreements with energy companies for a "Limitation On Appraised Value of Property for School District Maintenance and Operations Taxes" pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. That agreement qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5) as renewable energy electric generation projects.

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

development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, the companies are required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The application, the agreement, and state reporting requirement documentation can be viewed at the Texas Comptroller's website.

Disclosures for the projects for fiscal year 2024-2025 are as follows:

Current Year Status - Tax Limitation Agreements	Mitchel Solar I, LLC	Mitchel Solar II, LLC	Mitchel Solar III, LLC
Agreement date	08/27/2024	08/27/2024	08/27/2024
Project Type	Renewable Energy Generation - Solar	Renewable Energy Generation - Solar	Renewable Energy Generation - Solar
First tax year of limitation period	2029	2029	2029
Project limitation amount during limitation period	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Project limitation amount - current year	n/a	n/a	n/a
Company supplemental payment to District	\$ 50,000	\$ 50,000	\$ 50,000

REQUIRED SUPPLEMENTARY INFORMATION

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

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	\$ 3,309,559	\$ 4,591,727	\$ 3,992,203	\$ (599,524)
5800	State Program Revenues	339,459	339,459	441,106	101,647
5020	Total Revenues	3,649,018	4,931,186	4,433,309	(497,877)
EXPENDITURES:					
Current:					
0011	Instruction	1,632,686	1,879,968	1,816,762	63,206
0012	Instructional Resources and Media Services	14,895	14,895	1,350	13,545
0013	Curriculum and Instructional Staff Development	1,600	1,600	905	695
0023	School Leadership	64,799	64,799	41,286	23,513
0031	Guidance, Counseling, and Evaluation Services	50,537	56,137	50,197	5,940
0033	Health Services	29,587	31,737	31,832	(95)
0034	Student (Pupil) Transportation	91,250	321,010	272,937	48,073
0036	Extracurricular Activities	350,570	361,470	312,478	48,992
0041	General Administration	308,766	344,194	305,198	38,996
0051	Facilities Maintenance and Operations	652,159	1,648,159	1,437,115	211,044
0052	Security and Monitoring Services	14,841	17,211	15,169	2,042
0053	Data Processing Services	120,264	135,174	120,386	14,788
Debt Service:					
0071	Principal on Long-Term Liabilities	57,343	57,343	56,731	612
0072	Interest on Long-Term Liabilities	1,710	1,710	1,472	238
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	50,000	50,000	-	50,000
0093	Payments to Fiscal Agent/Member Districts of SSA	45,000	45,000	24,476	20,524
0099	Other Intergovernmental Charges	70,216	79,016	68,574	10,442
6030	Total Expenditures	3,556,223	5,109,423	4,556,868	552,555
1100	Excess (Deficiency) of Revenues Over Expenditures	92,795	(178,237)	(123,559)	54,678
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	10,900	10,900
7913	Right-to-Use Lease and SBITA Proceeds	-	-	180,765	180,765
8911	Transfers Out (Use)	(92,795)	(138,877)	(107,925)	30,952
7080	Total Other Financing Sources (Uses)	(92,795)	(138,877)	83,740	222,617
1200	Net Change in Fund Balances	-	(317,114)	(39,819)	277,295
0100	Fund Balance - September 1 (Beginning)	6,222,795	6,222,795	6,222,795	-
3000	Fund Balance - August 31 (Ending)	\$ 6,222,795	\$ 5,905,681	\$ 6,182,976	\$ 277,295

WESTBROOK 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)	0.001373332%	0.001467346%	0.001694419%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 838,883	\$ 1,007,926	\$ 1,005,933
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,175,429	1,417,883	1,398,794
Total	<u>\$ 2,014,312</u>	<u>\$ 2,425,809</u>	<u>\$ 2,404,727</u>
District's Covered Payroll	\$ 1,782,080	\$ 1,687,769	\$ 1,787,692
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.07%	59.72%	56.27%
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.

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.0015445%	0.00168598%	0.001648286%	0.001634614%	0.001404002%	0.0016319%	0.0017442%
\$ 393,330	\$ 902,977	\$ 856,831	\$ 899,731	\$ 448,924	\$ 616,687	\$ 616,551
767,072	1,989,600	1,850,622	2,042,339	1,221,963	1,553,266	1,509,296
<u>\$ 1,160,402</u>	<u>\$ 2,892,577</u>	<u>\$ 2,707,453</u>	<u>\$ 2,942,070</u>	<u>\$ 1,670,887</u>	<u>\$ 2,169,953</u>	<u>\$ 2,125,847</u>
\$ 1,943,499	\$ 2,285,621	\$ 2,165,079	\$ 2,148,387	\$ 2,107,533	\$ 2,334,692	\$ 2,182,762
20.24%	39.51%	39.58%	41.88%	21.30%	27.60%	28.25%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

WESTBROOK 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	\$ 90,424	\$ 77,392	\$ 75,800
Contribution in Relation to the Contractually Required Contribution	(90,424)	(77,392)	(75,800)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,993,168	\$ 1,782,080	\$ 1,687,769
Contributions as a Percentage of Covered Payroll	4.54%	4.34%	4.49%

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
\$	79,380	\$ 66,890	\$ 51,037	\$ 58,062	\$ 55,078	\$ 45,563	\$ 51,888
	(79,380)	(66,890)	(51,037)	(58,062)	(55,078)	(45,563)	(51,888)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,787,692	\$ 1,943,499	\$ 2,285,621	\$ 2,165,079	\$ 2,148,387	\$ 2,107,533	\$ 2,234,692
	4.44%	3.44%	2.23%	2.68%	2.56%	2.16%	2.32%

WESTBROOK 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	0.002398641%	0.003087237%	0.003346723%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 728,024	\$ 683,462	\$ 801,339
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	912,205	824,702	977,508
Total	<u>\$ 1,640,229</u>	<u>\$ 1,508,164</u>	<u>\$ 1,778,847</u>
District's Covered Payroll	\$ 1,782,080	\$ 1,687,769	\$ 1,787,692
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.85%	40.49%	44.83%
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
0.003448165%	0.003874249%	0.003254086%	0.003231539%	0.00223177%
\$ 1,330,111	\$ 1,472,777	\$ 1,538,898	\$ 1,613,537	\$ 970,513
1,782,053	1,979,059	2,044,850	1,918,447	1,752,151
<u>\$ 3,112,164</u>	<u>\$ 3,451,836</u>	<u>\$ 3,583,748</u>	<u>\$ 3,531,984</u>	<u>\$ 2,722,664</u>
\$ 1,943,499	\$ 2,285,621	\$ 2,165,079	\$ 2,148,387	\$ 2,107,533
68.44%	64.44%	71.08%	75.10%	46.05%
6.18%	4.99%	2.66%	1.57%	0.91%

WESTBROOK 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	\$ 22,408	\$ 15,368	\$ 26,840
Contribution in Relation to the Contractually Required Contribution	22,408	(15,368)	(26,840)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,993,168	\$ 1,782,080	\$ 1,687,769
Contributions as a Percentage of Covered Payroll	1.12%	0.86%	1.59%

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
\$ 26,934	\$ 27,473	\$ 17,439	\$ 23,208	\$ 22,288
(26,934)	(27,473)	(17,439)	(23,208)	(22,288)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,787,692	\$ 1,943,499	\$ 2,285,621	\$ 2,165,079	\$ 2,148,387
1.51%	1.41%	0.76%	1.07%	1.04%

**WESTBROOK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)
YEAR ENDED AUGUST 31, 2025**

A. Notes to Schedules for the TRS Pension

Changes of Benefit Terms:

The Texas 2023 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.

B. Notes to Schedules for the TRS OPEB Plan

Benefits, Actuarial Methods, and Assumptions:

Changes of Benefits:

- There were no changes of benefits terms since the prior measurement date.

Changes of Assumptions:

- The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. Revised demographic and economic assumptions were made based on the TRS experience study. This change decreased the total OPEB liability.

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is adopted. The required supplementary information is reported as follows:

Exhibit G-1	Budgetary Comparison Schedule – General Fund
Exhibit J-2	Budgetary Comparison Schedule – Child Nutrition Fund

Once a budget is approved, it can be amended at the fund and function level only by a majority vote of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

**WESTBROOK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)
YEAR ENDED AUGUST 31, 2025**

Expenditures Exceeding Appropriation

The following is disclosed related to expenditures and budget appropriations:

- The current year expenditures did not exceed appropriations in material amounts for any function of the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund". An immaterial excess is reported in function 33 for Health Services expenditures.
- The current year expenditures did not exceed appropriations in function 35 in the child nutrition fund as detailed in Exhibit J-2 "Budgetary Comparison Schedule -Child Nutrition Fund".

**OTHER SUPPLEMENTARY INFORMATION –
COMBINING SCHEDULES**

WESTBROOK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 13,897	\$ -	\$ -
1240	Due from Other Governments	3,334	7,814	-	12,622
1000	Total Assets	<u>\$ 3,334</u>	<u>\$ 21,711</u>	<u>\$ -</u>	<u>\$ 12,622</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 11,134	\$ -	\$ -
2160	Accrued Wages Payable	-	9,476	-	-
2170	Due to Other Funds	3,334	-	-	12,622
2200	Accrued Expenditures	-	1,101	-	-
2000	Total Liabilities	<u>3,334</u>	<u>21,711</u>	<u>-</u>	<u>12,622</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,334</u>	<u>\$ 21,711</u>	<u>\$ -</u>	<u>\$ 12,622</u>

289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 13,897
-	-	-	23,770
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,667</u>
\$ -	\$ -	\$ -	\$ 11,134
-	-	-	9,476
-	-	-	15,956
-	-	-	1,101
<u>-</u>	<u>-</u>	<u>-</u>	<u>37,667</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,667</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 32,515	\$ -	\$ -
5800 State Program Revenues	-	618	-	-
5900 Federal Program Revenues	55,600	77,967	6,540	35,738
5020 Total Revenues	55,600	111,100	6,540	35,738
EXPENDITURES:				
Current:				
0011 Instruction	55,600	-	6,540	35,738
0023 School Leadership	-	-	-	-
0035 Food Services	-	214,797	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	55,600	214,797	6,540	35,738
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(103,697)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	97,925	-	-
1200 Net Change in Fund Balance	-	(5,772)	-	-
0100 Fund Balance - September 1 (Beginning)	-	5,772	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

289	410	429	Total
Other Federal	State	Other State	Nonmajor
Special	Instructional	Special	Governmental
Revenue Funds	Materials	Revenue Funds	Funds
\$ -	\$ -	\$ -	\$ 32,515
-	999	369,798	371,415
7,447	-	-	183,292
7,447	999	369,798	587,222
7,447	999	113,133	219,457
-	-	84,995	84,995
-	-	-	214,797
-	-	171,670	171,670
7,447	999	369,798	690,919
-	-	-	(103,697)
-	-	-	97,925
-	-	-	(5,772)
-	-	-	5,772
\$ -	\$ -	\$ -	\$ -

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.00000	230,615,915
2018	1.040000	0.00000	270,865,013
2019	1.040000	0.00000	280,360,966
2020	0.970000	0.00000	299,919,444
2021	0.966400	0.00000	255,408,167
2022	0.963400	0.00000	249,780,711
2023	0.854600	0.00000	371,359,654
2024	0.688800	0.00000	391,166,182
2025 (School year under audit)	0.666900	0.00000	417,794,590
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
\$ 109,403	\$	\$ 2,154	\$	\$ (2,267)	\$ 104,982	
8,299		557		(831)	6,911	
12,169		762		(1,517)	9,890	
14,661		583		(1,505)	12,573	
16,237		2,624		(1,117)	12,496	
17,464		3,579		(1,107)	12,778	
19,850		3,870		(1,090)	14,890	
27,381		6,001		(1,309)	20,071	
39,232		11,221		(2,737)	25,274	
-	2,786,272	2,737,985			48,287	
<u>\$ 264,696</u>	<u>\$ 2,786,272</u>	<u>\$ 2,769,336</u>	<u>\$ -</u>	<u>\$ (13,480)</u>	<u>\$ 268,152</u>	

\$ _____

WESTBROOK 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	\$ 36,089	\$ 36,089	\$ 32,515	\$ (3,574)
5800 State Program Revenues	75,000	618	618	-
5900 Federal Program Revenues	-	75,000	77,967	2,967
5020 Total Revenues	111,089	111,707	111,100	(607)
EXPENDITURES:				
Current:				
0035 Food Services	193,884	240,584	214,797	25,787
6030 Total Expenditures	193,884	240,584	214,797	25,787
1100 Excess (Deficiency) of Revenues Over Expenditures	(82,795)	(128,877)	(103,697)	25,180
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	82,795	128,877	97,925	(30,952)
1200 Net Change in Fund Balances	-	-	(5,772)	(5,772)
0100 Fund Balance - September 1 (Beginning)	5,772	5,772	5,772	-
3000 Fund Balance - August 31 (Ending)	\$ 5,772	\$ 5,772	\$ -	\$ (5,772)

WESTBROOK INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 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.	\$ 136,059
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$ 99,967

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.	\$ 1,192
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$ 809

REPORTS ON COMPLIANCE and INTERNAL CONTROLS

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 28, 2025

Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

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, the business-type activities, each major fund, and the aggregate remaining fund information of Westbrook Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Westbrook Independent School District's basic financial statements, and have issued our report thereon dated October 28, 2025.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Westbrook 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 Westbrook Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Westbrook Independent School District's internal control.

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

Our consideration of internal control 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.

James E. Rodgers and Company, P.C.

Report On Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

Westbrook Independent School District
Administration Office
P O Box 99
Westbrook, Texas 79565
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**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2025**

I. Summary of Auditor Results:		
1.	Type of report issued on the financial statements:	Unmodified
2. a.	Significant deficiencies in internal control:	None
b.	Significant deficiencies that were material weaknesses:	None
3.	Noncompliance, which is material to financial statements:	None

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with <i>Generally Accepted Government Auditing Standards (GAGAS)</i>:		
Finding 2025-001: No findings reported		
a.	Condition:	N/A
b.	Criteria:	N/A
c.	Effect:	N/A
d.	Cause:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

SCHOOLS FIRST QUESTIONNAIRE

Westbrook Independent School District

Fiscal Year 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds and/or substantial doubt about the district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$0