

Westlake Academy

International Baccalaureate World School

Annual Financial Report

Fiscal Year Ended August 31, 2021



"Alone Together"

Artwork by: H Coan, Grade 10

*IB Education for All: Building a Future of
Responsibility, Understanding, and Compassion*

Westlake Academy * 2600 Ottinger Road * Westlake, Texas 76262

www.westlakeacademy.org

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Westlake Academy
 (A Component Unit of the Town of Westlake)
 Annual Financial Report
 For the Year Ended August 31, 2021
 Table of Contents

	Page	Exhibit
Introductory Section		
Certificate of Board	ii	
Financial Section		
Independent Auditor’s Report	3	
Management’s Discussion and Analysis	6	
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position.....	16	A-1
Statement of Activities.....	17	B-1
Fund Financial Statements		
Balance Sheet.....	18	C-1
Statement of Revenues, Expenditures, and Changes in Fund Balance	19	C-2
Fiduciary Funds		
Statement of Fiduciary Net Position	20	D-1
Statement of Changes in Fiduciary Net Position.....	21	D-2
Notes to the Financial Statements.....	22	
Required Supplementary Information		
Budgetary Comparison Schedule – General Fund	44	E-1
Notes to the Budgetary Comparison Schedule	45	
Schedule of Academy’s Proportionate Share of Net Pension Liability – Teacher Retirement System	46	E-2
Schedule of Pension Contributions – Teacher Retirement System	47	E-3
Schedule of Academy’s Proportionate Share of Net OPEB Liability – Teacher Retirement System TRS Care Plan.....	48	E-4
Schedule of OPEB Contributions – Teacher Retirement System TRS Care Plan	49	E-5
Combining Statements		
Nonmajor Governmental Funds		
Combining Balance Sheet.....	52	F-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	53	F-2
Internal Control Report		
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 <i>Government Auditing Standards</i>	57	

Certificate of Board

WESTLAKE ACADEMY
Name of School

TARRANT
County

220-810
Co.-District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school on the ___ day of _____.

[Signature]
Assistant to Board Secretary

[Signature]
Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):

(Attach list as necessary)



WESTLAKE ACADEMY

RESOLUTION NO. 21-29

A RESOLUTION OF THE WESTLAKE ACADEMY BOARD OF TRUSTEES APPROVING THE FISCAL YEAR 2020-2021 ANNUAL AUDIT REPORT FROM WEAVER AND TIDWELL, L.L.P.

WHEREAS, Section 7.3.6 of the Data Collection & Reporting section of the Financial Accountability System Resource Guide Update 11.0 requires that the annual financial and compliance report be audited by an independent auditor, and

WHEREAS, Section 7.3.6 of the Data Collection & Reporting section of the Financial Accountability System Resource Guide Update 11.0 requires the audit report be submitted to the Division of School Financial Audits of TEA no later than 150 days after the close of the fiscal year, and

WHEREAS, the audit report must be approved by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF WESTLAKE ACADEMY:

SECTION 1: The above findings are hereby found to be true and correct and are incorporated herein in its entirety.

SECTION 2: That the Board of Trustees of Westlake Academy hereby approves the fiscal year 2020-2021 annual audit report from Weaver and Tidwell, L.L.P. attached as *Exhibit "A"*,

SECTION 3: If any portion of this resolution shall, for any reason, be declared invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining provisions hereof and the Board hereby determines that it would have adopted this Resolution without the invalid provision.

SECTION 4: That this resolution shall become effective from and after its date of passage.

PASSED AND APPROVED ON THIS 13TH DAY OF DECEMBER 2021.



Laura Wheat, President

ATTEST:




Todd Wood, Town Secretary

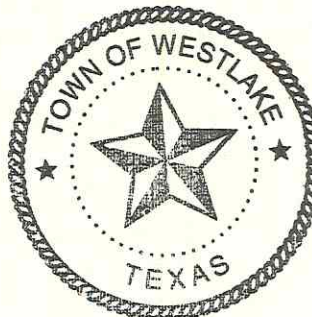


Amanda DeGan, Superintendent

APPROVED AS TO FORM:



Janet S. Bubert or L. Stanton Lowry,
School Attorney



Financial Section

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Independent Auditor's Report

To the Board of Trustees
Westlake Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Westlake Academy (the Academy), a component unit of the Town of Westlake, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Westlake Academy, as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, during the year ended August 31, 2021, the Academy implemented Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Beginning net position of the governmental activities and custodial fiduciary fund and beginning fund balance of the nonmajor governmental funds have been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the Academy's proportionate share of the net pension liability and the net OPEB liability, and schedules of Academy pension and OPEB contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The nonmajor governmental funds combining statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The nonmajor governmental funds combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Trustees
Westlake Academy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the Academy'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 10, 2021

Westlake Academy

(A Component Unit of the Town of Westlake)

Management's Discussion and Analysis

August 31, 2021

This section of Westlake Academy's (the Academy) annual financial report presents our discussion and analysis of the Academy's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the Academy's financial statements, which follow this section.

Financial Highlights

- On the government-wide financial statements, the liabilities of the Academy exceeded assets by \$3,025,239 (Net Position). This is an increase of \$28,089 for the year ended August 31, 2021, exclusive of the \$56,123 cumulative effect of the change in accounting principle.
- The Academy reported \$11,675,527 in expenses related to governmental activities, of which \$3,711,745 of these expenses were offset by program-specific charges for services or grants and contributions. This is a total expense increase of \$297,846 from the prior year.
- The General Fund reported a fund balance this year of \$2,078,833, an increase of \$327,656 from the prior year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements present different views of the Academy:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The combining statements for nonmajor funds contain even more information about the Academy's individual nonmajor funds.

Figure A-1 summarizes the major features of the Academy's financial statements, including the portion of the Academy government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements beginning on page 15, report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. Its primary objective is to show whether the Academy is better or worse off as a result of the year's activities. The statement of net position includes all of the Academy's assets and liabilities, deferred inflows and outflows of resources. The facilities used in the Academy's operations are included in the Town of Westlake's financial statements.

All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The Academy's revenue is divided into those provided by outside parties who share the costs of some programs, such as payments received from extracurricular activities and grants provided by the U.S. Department of Education to assist children with disabilities (program revenue), and general revenue provided by donations from the public or by Texas Education Agency (TEA) in equalization funding processes (general revenue). All the Academy's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

Figure A-1			
Major features of the Academy's Government-Wide and Fund Financial Statements			
Type of Statement	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire government (except fiduciary funds) and the Academy's component units	Activities of the Academy that are not proprietary or fiduciary	Instances in which the Academy is the trustee or custodian for someone else's resources
<i>Required Financial Statements</i>	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Types of accountability information</i>	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that become due during the year or soon thereafter. No capital assets included.	All assets and liabilities both short-term and long-term; the Academy's funds do not currently include capital assets, although they can.
<i>Types of Inflow/outflow Information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

Westlake Academy

(A Component Unit of the Town of Westlake)

Management's Discussion and Analysis

August 31, 2021

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

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Academy, one should consider additional non-financial factors such as changes in the Academy's average daily attendance and the condition of the Academy's facilities.

The government-wide financial statements of the Academy include the Governmental activities. Most of the Academy's basic services are included here, such as instruction, curriculum and staff development, extracurricular activities, maintenance, health services and general administration. State funds, donations and grants finance most of these activities.

Component Unit

The government-wide financial statements also present the activity of Westlake Academy Foundation, a discretely presented component unit. The Foundation was organized exclusively for charitable and educational purposes and provides funds to help support the Academy. During 2021, the Foundation contributed \$1,085,513 to the Academy to enhance educational opportunities. These contributions are recorded as operating grants and contributions in the Statement of Activities.

Fund Financial Statements

The fund financial statements begin on page 17 and provide more detailed information about the Academy's most significant funds, not the Academy as a whole. Funds are accounting devices that the Academy uses to keep track of specific sources of funding and spending for particular purposes.

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

Below are the three types of funds. The Academy had only "Governmental Funds" and "Fiduciary Funds" for the year ended August 31, 2021.

- Governmental funds – Most of the Academy's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explain the relationship (or differences) between them.
- Fiduciary fund – the Academy maintains a fiduciary fund to account for resources held for student activities in a custodial capacity. These fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position on pages 19-20. These activities are excluded from the school's government-wide financial statements because they cannot use these assets to finance their operations.

Westlake Academy

(A Component Unit of the Town of Westlake)

Management's Discussion and Analysis

August 31, 2021

Proprietary funds – Services for which the Academy would charge customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Academy presently has no proprietary funds.

Government-Wide Financial Analysis

The following analysis focuses on the net position (Table A-1), sources of revenue (Figure A-2), and changes in net position (Table A-2) of the Academy's governmental activities. The Academy reports a deficit net position of (\$3,025,239) at August 31, 2021.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Academy's governmental activities during the fiscal year caused the deficit in net position to decrease from \$3,053,328 in 2020 to \$3,025,239 in 2021.

The governmental activities' net position increased by 1 percent, \$28,089. The increase was primarily due to the net effect of the following:

- (1) An increase of \$297,846 in expenses which was due to costs associated with the repair and maintenance of the Academy's HVAC system as well as the cost of additional staffing and budgeted pay raises.
- (2) Total Revenue increased by \$529,335 over the prior year. For the majority of this increase, \$389,009 was due to the Hold-Harmless agreement provided by the Texas Education Agency (TEA). This provision limited year-to-year funding reductions due to expected decreases of in-person attendance during the COVID-19 pandemic.
- (3) A 4% increase of \$280,263 in the total net cost of services was due to providing tutoring and additional extracurricular activities as in-person attendance increased, as well as increased janitorial and facility maintenance costs.

Fund Financial Analysis

Fund balance in the General Fund increased by \$ 327,656 , due in part to receiving the TEA Hold-Harmless allocation of \$389,009, which is offset by the reduction of General Fund Expenditures totaling \$301,886. Several of the reductions in FY21 were for cleaning supplies, furniture enhancements, additional air filtering systems, and contracted services necessary for the mitigation of the effects of COVID-19 in FY20.

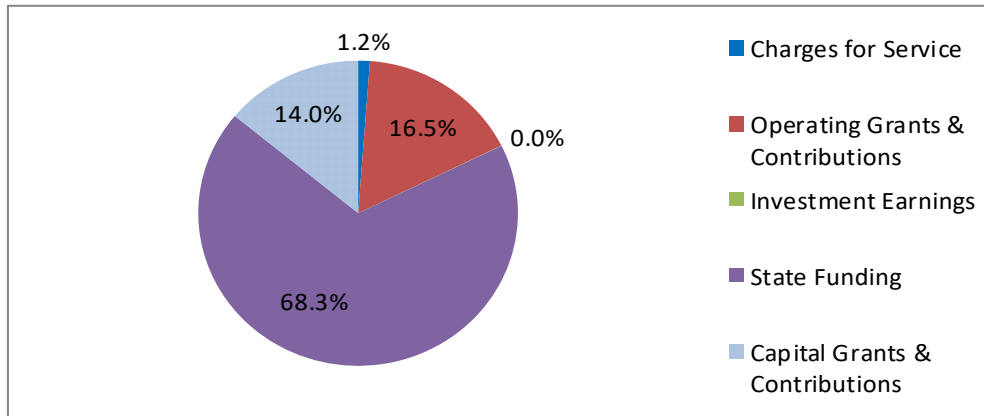
The ESSER Fund, which is a new fund in FY21, reported a \$78,243 reduction in fund balance due to eligible pre-award costs that were incurred prior to the award date.

Westlake Academy
 (A Component Unit of the Town of Westlake)
 Management's Discussion and Analysis
 August 31, 2021

Table A-1
Westlake Academy's Net Position

	Governmental Activities		Component Unit	
	2021	2020	2021	2020
Current assets	\$ 2,401,202	\$ 1,864,770	\$ 3,244,083	\$ 2,677,971
Total assets	2,401,202	1,864,770	3,244,083	2,677,971
Deferred outflows of resources	2,517,090	1,352,708	-	-
Current liabilities	396,807	101,706	7,600	8,410
Non-current liabilities	5,454,919	4,731,645	-	-
Total liabilities	5,851,726	4,833,351	7,600	8,410
Deferred inflows of resources	2,091,805	1,493,578	-	-
Net position:				
Restricted	2,099	163	358,880	298,302
Unrestricted	(3,027,338)	(3,109,614)	2,877,603	2,371,259
Total net position	\$(3,025,239)	\$(3,109,451)	\$ 3,236,483	\$ 2,669,561

Figure A-2
Westlake Academy
Sources of Revenue for Fiscal Year 2021



Westlake Academy
(A Component Unit of the Town of Westlake)
Management's Discussion and Analysis
August 31, 2021

Table A-2
Westlake Academy's Change in Net Position

	Governmental Activities		Component Unit Activities	
	2021	2020	2021	2020
Revenues				
Program revenues:				
Charges for services	\$ 138,003	\$ 90,123	\$ -	\$ -
Operating grants and contributions	1,933,947	2,713,955	1,462,393	1,657,246
Capital grants and contributions	1,639,795	812,476	-	-
General revenues:				
State aid and formula grants	7,989,449	7,540,434	-	-
Investment earnings	2,422	17,293	477,480	154,193
Total revenues	11,703,616	11,174,281	1,939,873	1,811,439
Expenses				
Instruction	6,587,955	6,775,228		
Instructional resources and media services	135,967	129,085	-	-
Curriculum and staff development	30,932	59,763	-	-
Instructional leadership	188,305	166,215		
School leadership	1,243,801	1,097,465		
Guidance, counseling, and evaluation services	646,965	664,300	-	-
Health services	121,452	133,519		
Food service	103,623	52,113	-	-
Extracurricular activities	467,975	441,532	-	-
General administration	287,109	274,546	-	-
Facilities maintenance and operations	1,422,776	1,109,880	-	-
Security and monitoring services	15,542	45,150	-	-
Data processing services	258,171	253,577	-	-
Community services	152,140	154,997	-	-
Program/support services			1,372,951	1,522,521
Debt service - interest	12,814	20,311	-	-
Total expenses	11,675,527	11,377,681	1,372,951	1,522,521
Change in net position	28,089	(203,400)	566,922	288,918
Beginning net position	(3,109,451)	(2,906,051)	2,669,561	2,380,643
Cumulative effect of change in accounting principle	56,123	-	-	-
Beginning net position, as restated	(3,053,328)	(2,906,051)	2,669,561	2,380,643
Ending net position	\$ (3,025,239)	\$ (3,109,451)	\$ 3,236,483	\$ 2,669,561

Westlake Academy

(A Component Unit of the Town of Westlake)

Management's Discussion and Analysis

August 31, 2021

Table A-3 (below) presents the cost of each of the Academy's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local dollars.

- The cost of governmental activities this year was \$11,675,527
- Some of the cost was paid by those who directly benefited from the programs, \$138,003, and some of the cost was paid through grants and contributions \$3,573,742

Table A-3

	Total Cost of Services		Total %	Net Cost of Services		Total %
	2021	2020	Change 2020-21	2021	2020	Change 2020-21
Instruction	\$ 6,587,955	\$ 6,775,228	-3%	\$ 4,465,840	\$ 4,617,129	-3%
School leadership	1,243,801	1,097,465	13%	990,662	798,238	24%
Instructional leadership	188,305	166,215	13%	153,470	123,834	24%
Guidance, counseling and evaluation services	646,965	664,300	-3%	519,631	502,042	4%
Extracurricular activities	467,975	441,532	6%	192,495	185,666	4%
General administration	287,109	274,546	5%	213,790	207,426	3%
Facilities maintenance and operations	1,422,776	1,109,880	28%	938,014	768,410	22%
Data processing services	258,171	253,577	2%	227,193	218,087	4%

General Fund Budgetary Highlights

- Year-end fund balance is \$2,078,833 which increased \$327,656 over the prior year. The increase is attributable to the addition of 19 students (856 in 2020 to 875 in 2021), and a substantial decrease in operating expenditures of \$301,866 due to the continued effects of COVID-19 and the school's returning to in-person instruction.
- Local revenue budget decreased by 2% (\$23,100) due to the anticipated loss of technology use and food service fees as students began to return to in-person instruction.
- State program revenue budget increased by \$252,821 or 3%, due to TEA's Hold-Harmless agreement policy that guaranteed a certain level of funding even with the Academy's decline in student attendance.
- The expenditure budget was increased by \$60,000 (0.6%) due to an allocation of the Facilities Allotment Fund to Maintenance & Operations for the maintenance and repair of the Academy's fire alarm system.

Economic Factors and Next Year's Budget

- General Fund revenues are budgeted to increase by 3% over the actual revenues realized in FY21. This is due to decreased enrollment and the Hold-Harmless ADA calculation used for FY21's state revenue allotment. The COVID-19 public health crisis continues to present unique challenges to our academic budget and will for the upcoming school year.

Appropriations within the General Fund budget are estimated to reach \$9,432,983, which is a cumulative increase of 1% (\$106,536) over actual expenditures in FY21.

Westlake Academy

(A Component Unit of the Town of Westlake)

Management's Discussion and Analysis

August 31, 2021

- Payroll & related expenditures: For FY 2021-2022, expected payroll expenditures will increase \$29,522, approximately 0.4%, over the actual expenditures in FY 2020-2021. This includes a step increase for Teachers, Librarians, Counselors, Diagnosticians, and Nurses, averaging 2%, and a 3% increase for administrative and hourly staff. The Academy's FTE total will increase by 1.68 resulting from the restructuring of the secondary program and coordinator positions.
- Professional & contracted services: This category includes expenditures related to services rendered to the Academy by firms, individuals, and other organizations. There will be an estimated decrease of 10% (\$98,043) in FY 2021-2022 over actual expenditures. This decrease is due to prior year increase in janitorial services for additional disinfecting and deep cleaning protocols, and HVAC and security/monitoring services for the maintenance and repair of the Academy's HVAC and fire alarm systems.
- Materials & supplies: This category includes expenditures associated with consumables used in the classroom and in the general operations of the campus. For 2021-2022, there will be an estimated 30% increase (\$112,153) over actual FY 2020-2021 expenditures primarily due to restoring pre-COVID-19 budget cuts for classroom supplies and technology-related expenditures.
- Miscellaneous operating costs: These costs are associated with insurance, professional development travel, membership fees and dues, and other miscellaneous costs. There will be an estimated increase of \$62,868, approximately 15%, over the 2020-2021 actual expenditures. Travel and related professional development training were limited during FY21, replaced by virtual training as needed. The 2021-2022 budget restored the budget cuts for travel, which will include a combination of in-person and virtual professional development.
- Debt Service: These costs are associated with the three-year lease for iPads supporting the one-to-one device initiative. There is no anticipated change in expenditures during FY 2021-2022, which is the third year of the three-year lease. iPad maintenance and repair costs are self-funded through a \$55 annual technology use fee paid by each student at the beginning of the school year.

If the FY 2021-2022 budget estimates are realized, the Academy's General Fund's budgetary fund balance is expected to decrease by \$61,237 by August 31, 2022.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Ginger Awtry, at (817) 490-5712 or the Academic Finance Manager, Marlene Rutledge, at (817) 490-5737, or by writing to 1500 Solana Blvd, Building 7, Suite 7200, Westlake, Texas 76262.

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Basic Financial Statements

Westlake Academy
(A Component Unit of the Town of Westlake)
Statement of Net Position
August 31, 2021

Exhibit A-1

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>	<u>4 Component Unit</u>
ASSETS			
1110	Cash and cash equivalents	\$ 1,481,717	\$ 799,173
1120	Current investments	105	2,444,910
1240	Due from other governments	803,680	-
1290	Other receivables	9,923	-
1410	Prepaid expenses	105,777	-
1000	Total assets	<u>2,401,202</u>	<u>3,244,083</u>
DEFERRED OUTFLOWS OF RESOURCES			
1705	Deferred outflows of resources - pensions	2,100,145	-
1705	Deferred outflows of resources - OPEB	416,945	-
1700	Total deferred outflows of resource	<u>2,517,090</u>	<u>-</u>
LIABILITIES			
2110	Accounts payable	103,614	7,600
2160	Accrued wages payable	74,626	-
2180	Due to other governments	211,733	-
2200	Other accrued expenses	6,834	-
Noncurrent liabilities:			
2501	Due within one year	152,921	-
2540	Net pension liability	2,987,427	-
2545	Net OPEB liability	2,314,571	-
2000	Total liabilities	<u>5,851,726</u>	<u>7,600</u>
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred inflows of resources - pensions	396,946	-
2605	Deferred inflows of resources - OPEB	1,694,859	-
2600	Total deferred inflows of resources	<u>2,091,805</u>	<u>-</u>
NET POSITION			
3890	Restricted for donor stipulations	2,099	358,880
3900	Unrestricted	(3,027,338)	2,877,603
3000	Total net position	<u>\$ (3,025,239)</u>	<u>\$ 3,236,483</u>

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy
(A Component Unit of the Town of Westlake)
Statement of Activities
For the Year Ended August 31, 2021

Exhibit B-1

Data Control Codes	1	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		3	4	5	6	9		
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit	
PRIMARY GOVERNMENT:								
	Governmental activities:							
11	Instruction	\$ 6,587,955	\$ 56,423	\$ 1,060,847	\$ 1,004,845	\$ (4,465,840)	\$ -	
12	Instructional resources and media services	135,967	375	12,521	66,172	(56,899)	-	
13	Curriculum and staff development	30,932	174	5,635	-	(25,123)	-	
21	Instructional leadership	188,305	1,010	33,825	-	(153,470)	-	
23	School leadership	1,243,801	6,427	214,497	32,215	(990,662)	-	
31	Guidance, counseling, and evaluation services	646,965	3,432	115,757	8,145	(519,631)	-	
33	Health services	121,452	520	17,464	25,410	(78,058)	-	
35	Food service	103,623	4,000	-	103,623	4,000	-	
36	Extracurricular activities	467,975	56,020	133,114	86,346	(192,495)	-	
41	General administration	287,109	1,467	50,602	21,250	(213,790)	-	
51	Facilities maintenance and operations	1,422,776	6,017	218,445	260,300	(938,014)	-	
52	Security and monitoring services	15,542	780	25,012	-	10,250	-	
53	Data processing services	258,171	87	4,469	26,422	(227,193)	-	
61	Community services	152,140	1,271	41,759	5,067	(104,043)	-	
71	Debt service - interest	12,814	-	-	-	(12,814)	-	
	[TP] Total primary government:	\$ 11,675,527	\$ 138,003	\$ 1,933,947	\$ 1,639,795	(7,963,782)	-	
COMPONENT UNIT								
IC	Westlake Academy Foundation	\$ 1,372,951	\$ -	\$ 1,462,393	\$ -	-	89,442	
		Data Control Codes						
		General revenues:						
		SF	State aid-formula grants		7,989,449	-		
		IE	Investment earnings		2,422	477,480		
		TR	Total general revenues		7,991,871	477,480		
		CN	Change in net position		28,089	566,922		
		NB	Net position, beginning		(3,109,451)	2,669,561		
		PA	Cumulative effect of change in accounting principle		56,123	-		
			Net position, beginning, as restated		(3,053,328)	2,669,561		
		NE	Net position, ending		\$ (3,025,239)	\$ 3,236,483		

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy
(A Component Unit of the Town of Westlake)
Balance Sheet
Governmental Funds
August 31, 2021

Exhibit C-1

Data Control Codes		10	283	410		98
		General	ESSER Fund	State Textbook Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
1110	Cash and cash equivalents	\$ 1,429,953	\$ -	\$ -	\$ 51,764	\$ 1,481,717
1120	Current investments	105	-	-	-	105
1240	Due from other governments	798,147	-	5,533	-	803,680
1260	Due from other funds	115,093	-	-	-	115,093
1290	Other receivables	7,600	-	-	2,323	9,923
1410	Prepaid expenditures	124,167	-	27,094	4,499	155,760
1000	Total assets	<u>\$ 2,475,065</u>	<u>\$ -</u>	<u>\$ 32,627</u>	<u>\$ 58,586</u>	<u>\$ 2,566,278</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
2110	Accounts payable	\$ 103,039	\$ -	\$ -	\$ 575	\$ 103,614
2160	Accrued wages payable	74,626	-	-	-	74,626
2170	Due to other funds	-	78,243	32,627	4,223	115,093
2180	Due to other governments	211,733	-	-	-	211,733
2200	Accrued expenditures	6,834	-	-	-	6,834
2000	Total liabilities	<u>396,232</u>	<u>78,243</u>	<u>32,627</u>	<u>4,798</u>	<u>511,900</u>
FUND BALANCES:						
3430	Nonspendable - prepaid items	124,167	-	27,094	4,499	155,760
3490	Restricted for donor stipulations	-	-	-	2,099	2,099
3545	Committed for campus activities	-	-	-	51,189	51,189
3600	Unassigned	1,954,666	(78,243)	(27,094)	(3,999)	1,845,330
3000	Total fund balances	<u>2,078,833</u>	<u>(78,243)</u>	<u>-</u>	<u>53,788</u>	<u>2,054,378</u>
4000	Total liabilities and fund balances	<u>\$ 2,475,065</u>	<u>\$ -</u>	<u>\$ 32,627</u>	<u>\$ 58,586</u>	<u>\$ 2,566,278</u>
Total fund balances - governmental funds						<u>\$ 2,054,378</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital leases payable are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements. (152,921)

Prepaid expenditures of principal on long-term debt is reported as a reduction of the liability in the government-wide funds financial statements. (49,983)

Included in the items related to noncurrent liabilities are the Academy's proportionate share of the TRS Care net OPEB liability (\$2,314,571), a deferred resource inflow (\$1,694,859) and a deferred resource outflow of \$416,945. The net effect is a decrease in net position. (3,592,485)

Included in the items related to noncurrent liabilities are the Academy's proportionate share of the TRS net pension liability (\$2,987,427), a deferred resource inflow (\$396,946) and a deferred resource outflow of \$2,100,145. The net effect is a decrease in net position. (1,284,228)

Net position of governmental activities \$ (3,025,239)

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy
(A Component Unit of the Town of Westlake)
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
For the Year Ended August 31, 2021

Exhibit C-2

Data Control Codes		10	283	410		98
		General	ESSER Fund	State Textbook Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
5700	Local and intermediate sources	\$ 1,251,421	\$ -	\$ -	\$ 171,978	\$ 1,423,399
5800	State program revenues	8,402,682	-	50,820	4,050	8,457,552
5900	Federal program revenues	-	-	-	121,678	121,678
5020	Total revenues	9,654,103	-	50,820	297,706	10,002,629
EXPENDITURES						
0011	Instruction	5,058,615	4,952	50,820	167,781	5,282,168
0012	Instructional resources and media services	65,972	-	-	-	65,972
0013	Curriculum and staff development	30,932	-	-	-	30,932
0021	Instructional leadership	177,683	-	-	-	177,683
0023	School leadership	1,132,112	-	-	-	1,132,112
0031	Guidance, counseling, and evaluation services	604,121	-	-	1,000	605,121
0033	Health services	91,521	-	-	-	91,521
0036	Extracurricular activities	253,839	5,129	-	114,546	373,514
0041	General administration	260,236	-	-	4,449	264,685
0051	Facilities maintenance and operations	1,066,795	66,872	-	22,375	1,156,042
0052	Security and monitoring services	15,542	-	-	-	15,542
0053	Data processing services	223,858	1,290	-	-	225,148
0061	Community services	137,299	-	-	-	137,299
0071	Debt service - principal	195,108	-	-	-	195,108
0072	Debt service - interest	12,814	-	-	-	12,814
6030	Total expenditures	9,326,447	78,243	50,820	310,151	9,765,661
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	327,656	(78,243)	-	(12,445)	236,968
1200	NET CHANGE IN FUND BALANCES	327,656	(78,243)	-	(12,445)	236,968
0100	FUND BALANCES, BEGINNING	1,751,177	-	-	10,110	1,761,287
	Cumulative effect of change in accounting principle	-	-	-	56,123	56,123
	FUND BALANCES, BEGINNING, AS RESTATED	1,751,177	-	-	66,233	1,817,410
3000	FUND BALANCES (DEFICIT), ENDING	\$ 2,078,833	\$ (78,243)	\$ -	\$ 53,788	\$ 2,054,378

Net change in fund balances \$ 236,968

Amounts reported for governmental activities in the Statement of Activities are different because:

Receipts that are considered deferred inflows of resources in the governmental funds financial statements are recognized as revenue in the government-wide financial statements under the accrual basis of accounting. This amount represents the change in deferred inflows between the prior year and current year.	(1,777)
Current year principal payments on capital leases consume current resources, however, these payments reduce expenses and long-term liabilities in the government-wide financial statements.	195,108
Implementation of GASB 75 required certain expenditures be de-expended and recorded as deferred resource inflows. Contributions made after the measurement date caused the change in net position to increase by \$46,994. Contributions before the measurement date also caused a decrease in the change in net position of \$46,278. The net share of the Academy's amount of deferred inflows and outflows of resources increased the net position by \$64,667. This amount is the net effect.	65,383
Implementation of GASB 68 required certain expenditures be de-expended and recorded as deferred resource inflows. Contributions made after the measurement date caused the change in net position to increase by \$222,306. Contributions before the measurement date also caused a decrease in the change in net position of \$230,148. The net share of the Academy's amount of deferred inflows and outflows of resources decreased the net position by \$459,751. This amount is the net effect.	(467,593)
Change in net position of governmental activities	\$ 28,089

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy
(A Component Unit of the Town of Westlake)
Statement of Fiduciary Net Position
Fiduciary Funds
August 31, 2021

Exhibit D-1

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 24,658
Total assets	24,658
NET POSITION	
Held for student activities	24,658
TOTAL NET POSITION	\$ 24,658

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy

(A Component Unit of the Town of Westlake)
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended August 31, 2021

Exhibit D-2

	<u>Custodial Funds</u>
ADDITIONS	
Local and intermediate sources	\$ 4,403
Total additions	<u>4,403</u>
DEDUCTIONS	
Other operating costs	<u>4,979</u>
Total deductions	<u>4,979</u>
Change in net position	<u>(576)</u>
Net position - beginning	-
Cumulative effect of change in accounting principle	<u>25,234</u>
Net position - beginning, as restated	<u>25,234</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 24,658</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Westlake Academy (the Academy), a blended component unit of the Town of Westlake (the Town), is a Texas nonprofit corporation under Chapter 12, Subchapter D of the Education Code to provide education. The Town Council consists of six members and serves as the governing body for the Academy. Currently, all members of the Board are members of the Town's governing body. The Academy prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (the GASB) and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it 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.

The Town Council has the authority to set policy direction, appoint the Town Manager/Superintendent, and evaluate the success of the academic service delivery efforts. It also has the primary accountability for fiscal matters. Therefore, the Academy is a financial reporting entity as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity", as modified by GASB Statements No. 39 and 61.

The Academy's basic financial statements include a separate entity that is controlled by or dependent on the Academy. The determination to include separate entities is based on the criteria of GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity Omnibus." GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's ruling body must be appointed by the primary government, and either (a) the primary government must be able to impose its will, or (b) the primary government may potentially benefit financially or be financially responsible for the component unit.

The Westlake Academy Foundation (the Foundation) is a 501(c)(3) nonprofit organization which was established exclusively for the purpose of supporting the Academy. This includes fundraising for and contributing raised funds to the Academy. The Foundation has been discretely presented in the accompanying financial statements and reported in a separate column to emphasize that it is legally separate from the Academy. See Note 12 for additional information relating to the Foundation. Separate audited financial statements of the Foundation are available from the Academy/Town Finance Director's office, 1500 Solana Blvd, Building 7, Suite 7200, Westlake, Texas 76262.

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 of the Academy's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants, the Foundation, and the Town. The Academy has no business-type activities that rely to a significant extent, on fees and charges for support.

Neither fiduciary funds nor component units that are fiduciary in nature are included.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

The Statement of Activities demonstrates how other people or entities that participate in programs the Academy operates have shared in the payment of the direct costs. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 Academy. The primary example is charges for athletic registration fees. The "grants and contributions" column includes amounts paid by organizations outside the Academy 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 Academy's functions.

Interfund activities between governmental funds appear as due to/ due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements.

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 Academy operations, they are not included in the government-wide statements. The Academy considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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, deferred inflows of resources, 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. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Academy considers all revenues available if they are collectible within 60 days after year-end.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually 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 inflows 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 Academy to refund all or part of the unused amount.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

The fiduciary funds utilize the accrual basis of accounting for purposes of asset and liability recognition.

With this basis of accounting, all assets and all liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position.

Fund Accounting

The Academy reports the following major governmental funds:

The **General Fund** is the Academy's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The **ESSER Fund** accounts for federal stimulus ESSER III-Supplemental funds granted to the LEAs through the CRSSA Act to support the LEA's ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.

The **State Textbook Fund** accounts for the instructional materials allotment funded by the State of Texas to purchase textbooks and other instructional materials.

Additionally, the Academy reports the following fund types:

Nonmajor Governmental Funds:

These nonmajor **Special Revenue Funds** account for resources restricted to, or committed for, specific purposes by the Academy 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 period.

Fiduciary Funds:

Custodial Funds account for resources held for others in a custodial capacity. Fiduciary funds are reported in the fiduciary fund financial statements. However, because these assets are not available to support Academy programs, these funds are not included in the government-wide statements. The Academy's Custodial Fund is a Student Activity Fund.

Other Accounting Policies

1. The State of Texas (the State) has created a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among districts is provided for employees in accordance with 19 TAC §153.1021(d)(8). Each district's local board is required to establish a personal leave plan. It is the Academy's policy to permit employees to accumulate earned but unused state and local personal leave. There is no liability for unpaid accumulated personal leave since the Academy does not have a policy to pay any amounts when employees separate from service with the Academy.
2. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires the Academy 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 plan.
3. When an expenditure is incurred for purposes for which both restricted or unrestricted fund balance is available, the Academy considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Academy considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

4. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:
 - Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
 - Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
 - Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the School Board, the Academy's highest level of decision making authority. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
 - Assigned: This classification includes amounts that are constrained by the Academy's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Finance Director and Superintendent.
 - Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.
5. Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Academy or through external restrictions imposed by creditors, grantors of laws or regulations of other governments.
6. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
7. Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g. grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

Note 2. Cash and Investments

The funds of the Academy must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the Academy's agent bank in an amount sufficient to protect Academy funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2021, the carrying amount of the Academy's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments), including \$24,658 recorded in the Custodial fund, was \$1,506,375 and the bank balance was \$1,662,784. The carrying amount of the Foundation's deposits was \$799,173 as of August 31, 2021 and the bank balance was \$806,457. The Academy cash deposits at August 31, 2021 and during the year then ended was entirely covered by FDIC insurance or the pledged collateral held by the Academy's agent bank in the Town of Westlake's name.

The following is disclosed regarding the combined balances on the date of highest deposit:

- a. Depository: First Financial Bank
- b. The market value of securities pledged to the Town (inclusive of the Academy) as of the date of the highest combined balance on deposit was \$31,377,810.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$30,464,994 (\$2,115,774 of which belonged to the Academy) on November 25, 2020.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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 the Academy to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Academy to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the Academy to have independent auditors perform test procedures related to investment practices as provided by the Act. The Academy is in substantial compliance with the requirements of the Act and with local policies.

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The Academy presently has no recurring fair value measurements.

Investment pools are measured at amortized cost and are exempt for fair value reporting.

The carrying value of the Academy's investments at August 31, 2021, was \$105 which was deposited in TexPool (a Texas Local Government Investment Pool). Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position of these pools is the same as the value of the shares in each pool.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act. Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. In addition, TexPool is subject to review by the State Auditor's office and by the Internal Auditor of the Comptroller's office.

In compliance with the Public Funds Investment Act, the Academy has adopted a deposit and investment policy. That policy does address the following risks:

1. Custodial Credit Risk-Deposits: This is the risk that in the event of bank failure, the Academy's deposits may not be returned to it. As of August 31, 2021, the Academy's deposits with financial institutions in excess of federal depository insurance were fully collateralized by FDIC insurance and pledged collateral held by the Academy's agent bank in the Town of Westlake's name.
2. Custodial Credit Risk-Investments: This is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
3. Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool invests only in investments authorized under the Public Funds Investment Act. As of August 31, 2021, TexPool's investments credit quality rating was AAAM (Standard & Poor's).

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

Foundation – Investments

The Foundation's investments in marketable securities are valued at their estimated fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. All other investments are carried at cost.

Investments at the end of the year consist of the following:

Investment Type	August 31, 2021	
	Cost Basis	Fair Value
Marketable equity securities:		
Common stock	\$ 2,017,406	\$ 2,444,910

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 inputs: Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3 inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Marketable Equity Securities

Marketable equity securities reported as level 1 are determined by reference to quoted market prices for investments listed on an exchange or over-the-counter market.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of August 31, 2021.

	Assets at Fair Value as of August 31, 2021			
	Level 1	Level 2	Level 3	Total
Marketable equity securities:				
Common stock	\$ 2,444,910	\$ -	\$ -	\$ 2,444,910

Westlake Academy
(A Component Unit of the Town of Westlake)
Notes to the Financial Statements

Note 3. Due from Other Governments

The Academy participates in a variety of state and local programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal and local governments as of August 31, 2021, are summarized below.

Fund	State Entitlements
General fund	\$ 798,147
State Textbook fund	5,533
Total	\$ 803,680

Note 4. Donated Use of Facilities

The Academy currently operates in facilities that are capital assets of the Town. The Academy is not required by the Town to pay rent for the use of those facilities; however, the Academy recognizes the value of the use received, \$1,639,795, in the government-wide statement of activities as capital grants and contributions and as expense allocated to the various functions.

Note 5. Interfund Balances and Activities

Interfund balances at August 31, 2021, consisted of the following individual fund balances:

Due to Fund	Due from Fund	Amount	Purpose
General fund	ESSER fund	\$ 78,243	Reimburse program disbursements
General fund	Nonmajor governmental	4,223	Reimburse program disbursements
General fund	State Textbook fund	32,627	Reimburse program disbursements
Total		\$ 115,093	

The Academy had no interfund transfers during the year ending August 31, 2021.

Note 6. Revenue from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources as reported on Exhibit C-2 of the fund statements consisted of the following:

	General Fund	Non-major Funds	Total
Gifts and bequests	\$ 1,053,648	\$ 154,664	\$ 1,208,312
Interest	2,422	-	2,422
Food sales	4,000	-	4,000
Campus activities	-	17,314	17,314
Parking/transportation	24,600	-	24,600
Athletics	87,329	-	87,329
Miscellaneous	79,422	-	79,422
Total	\$ 1,251,421	\$ 171,978	\$ 1,423,399

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

Note 7. Defined Benefit Pension Plan

Plan Description

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.

Early retirement is at age 55 with five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Pension Reform Bill (Senate Bill12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased both employee and employer contribution rates for plan years 2020 through 2025.

Westlake Academy
 (A Component Unit of the Town of Westlake)
 Notes to the Financial Statements

Rates for such plan fiscal years are as follows:

Contribution rates	2020	2021
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	7.5%
Employers (District)	7.5%	7.5%

The contribution amounts for the district’s fiscal year 2021 are as follows:

2021 Employer contributions	\$ 222,306
2021 Member contributions	\$ 469,856
2020 Plan Year NECE on-behalf contributions (state)	\$ 316,819

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

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

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

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

- 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.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member's salary beginning in September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2019, rolled forward to August 31, 2020
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2019	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/DataMunicipal Bonds with 20 Years to maturity that include only federally tax-exempt Municipal bonds as reported in Fidelity Index's "20-Year Municipal GO
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05% includes inflation
Ad-hoc employment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Health Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projective scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted on July 2018.

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value			
Government Bonds	16%	-0.07%	-0.05%
Absolute Return	0%	1.80%	0.00%
Stable Value Hedge Funds	5%	1.90%	0.11%
Cash			
Real Return			
Real Estate	15%	4.60%	1.02%
Energy, Natural Resources, and Inflation	6%	6.00%	0.42%
Commodities	0%	0.80%	0.00%
Risk Parity			
Risk Parity	8%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100.0%		7.33%

*Target Allocation based on the Plan Year 2020 policy model

** Capital Market Assumptions come from AONHewitt (as of 8/31/2020)

*** Volatility Drag results from the conversion between arithmetic and geometric mean

Westlake Academy
(A Component Unit of the Town of Westlake)
Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Academy's proportionate share of the net pension liability	\$ 4,606,558	\$ 2,987,427	\$ 1,671,918

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

At August 31, 2021, the Academy reported a liability of \$2,987,427 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the collective net pension liability	\$ 2,987,427
State's proportionate share that is associated with Academy	4,112,478
Total	\$ 7,099,905

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2019 rolled forward to August 31, 2020. The Academy's proportion of the net pension liability was based on the Academy's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0055779% which was an increase of 0.0026868% from its proportion measured as of August 31, 2019.

Changes since the Prior Measurement Date

There were no changes in assumptions or benefit terms that affected measurement of the total pension liability since the prior measurement date.

For the year ended August 31, 2021, the Academy recognized pension expense of \$1,184,539 and revenue and expense of \$494,640 for support provided by the State.

Westlake Academy
(A Component Unit of the Town of Westlake)
Notes to the Financial Statements

At August 31, 2021, the Academy reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,455	\$ 83,371
Changes in actuarial assumptions	693,189	294,739
Difference between projected and actual investment earnings	60,478	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,118,717	18,836
Contributions paid to TRS subsequent to the measurement date	222,306	-
Total	\$ 2,100,145	\$ 396,946

The \$222,306 reported as a deferred outflow of resources resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2022.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,	Pension Expense (Income) Amount
2022	\$ 335,659
2023	346,967
2024	340,767
2025	241,902
2026	160,954
Thereafter	54,644
Total	\$ 1,480,893

Note 8. Health Care Coverage

During the period ended August 31, 2021, employees of the Academy who met minimum eligibility requirements were covered by a state-wide health care plan, TRS Active Care. The Academy’s participation in this plan is renewed annually. The Academy paid into the Plan \$397 per month per employee and \$322 per month when the employee works less than 30 hours per week if eligible to enroll in TRS Active Care. Employees, at their option, pay premiums for any coverage above these amounts as well as for dependent coverage.

The Teacher Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Aetna, and Caremark Health administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

Note 9. Defined Other Post Employment Benefit Plan

Plan Description

The Academy participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational academies who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Plan Premium Rates
Plan Year 2020

	<u>Medicare</u>	<u>Non-medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999
* or surviving spouse		

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

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 schools based upon school payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution rates	2020	2021
Active Employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding	1.25%	1.25%

The contribution amounts for the Academy’s fiscal year 2021 are as follows:

2021 Employer contributions	\$	46,994
2021 Member contributions	\$	39,665
2020 Plan Year NECE on-behalf contributions (state)	\$	62,186

In addition, the State of Texas contributed \$26,729, \$24,620 and \$20,423 in 2021, 2020 and 2019, respectively, for on-behalf payments for Medicare Part D.

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

Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020. 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 following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

Westlake Academy
(A Component Unit of the Town of Westlake)
Notes to the Financial Statements

The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Valuation date	August 31, 2019, rolled forward to August 31, 2020
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount Rate	2.33%. Source from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2020
Aging factors	Based on plan specific experience
Election rates	Normal Retirement; 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Healthcare trend rates	9.00% for Medicare retirees and 7.30% for non-Medicare retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years
Ad-hoc employment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.30% in the discount rate since the August 31, 2019 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

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 (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Academy's proportionate share of the net OPEB liability	\$ 2,777,480	\$ 2,314,571	\$ 1,948,940

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

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 in Trend Rate	Trend Rate	1% Increase in Trend Rate
Academy's proportionate share of the net OPEB liability	\$ 1,890,708	\$ 2,314,571	\$ 2,879,097

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

At August 31, 2021, the Academy reported a liability of \$2,314,571 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Academy were as follows:

Academy's proportionate share of the collective net OPEB liability	\$ 2,314,571
State's proportionate share that is associated with Academy	3,110,229
Total	\$ 5,424,800

The Net OPEB Liability was measured as of August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was .0060886508% which was an increase of .0001029369% the same proportion measured as of August 31, 2019.

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. These changes decreased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.

For the year ended August 31, 2021, the Academy recognized OPEB expense of (\$39,985) and revenue of (\$21,596) for support provided by the State.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

At August 31, 2021, the Academy 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 economic experience	\$ 121,190	\$ 1,059,266
Changes in actuarial assumptions	142,761	635,593
Difference between projected and actual investment earnings	752	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	105,248	-
Contributions paid to TRS subsequent to the measurement date	46,994	-
Total	\$ 416,945	\$ 1,694,859

The \$46,994 deferred outflow of resources resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022.

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

Year Ended August 31,	OPEB Expense (Income) Amount
2022	\$ (224,204)
2023	(224,304)
2024	(224,364)
2025	(224,348)
2026	(162,524)
Thereafter	(265,164)
Total	\$ (1,324,908)

Note 10. Risk Management

The Academy is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Academy carries commercial insurance. There were no settlements exceeding insurance coverage in the current fiscal year.

Litigation and Contingencies

The Academy is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the Academy. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

The Academy participates in state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Academy has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2021 may be impaired. In the opinion of the Academy, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note 11. Capital Leases

The Academy has entered into lease agreements as lessee for financing the acquisition of computer equipment and software. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Equipment and software with a historical cost of \$585,623 was under capital lease at August 31, 2021. Because the cost of the individual items was below the Academy's capitalization threshold, the entire cost was recorded as expense.

The following schedule shows the future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of August 31, 2021:

Year Ending August 31,	Principal	Interest	Total
2022	\$ 152,921	\$ 5,017	\$ 157,938

Note 12. Related Party Transactions

The Westlake Academy Foundation contributed \$1,085,513 to the Academy during the fiscal year ended August 31, 2021.

Note 13. GASB Pronouncements Implemented By the Academy

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activities reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

As a result of implementation of GASB 84, beginning net position of the fiduciary funds and governmental activities and fund balance of the nonmajor governmental funds were restated.

Note 14. New Accounting Pronouncements

In June 2018 the GASB released GASB statement No. 87, *Leases*. This statement was issued to increase the usefulness of governmental entities' financial statements by requiring recognition of certain lease assets and liabilities that were previously accounted for as operating leases. It establishes a single model for lease accounting based on the principle that leases are a financing of the right to use an underlying asset. Under this statement a lessee is required to recognize a lease liability and an intangible right-to-use asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the Academy for the year ended August 31, 2022 and the Academy is currently evaluating the impact of this standard on its financial statements.

Westlake Academy

(A Component Unit of the Town of Westlake)

Notes to the Financial Statements

GASB Statement No. 89: Accounting for Interest Cost Incurred before the End of a Construction Period. Statement 89 was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Standard becomes effective for the Academy in fiscal year 2022. The Academy has not yet determined the impact of this statement.

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. This Standard becomes effective for the Academy in fiscal year 2021. The Academy has not yet determined the impact of this statement.

GASB Statement No. 92: Omnibus 2020. Statement 92 was issued in January 2020. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This Standard becomes effective for the Academy in fiscal year 2022. The Academy has not yet determined the impact of this statement.

GASB Statement No. 93: Replacement of Interbank Offered Rates. Statement 93 was issued in March 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. This Standard becomes effective for the Academy in fiscal year in fiscal year 2022. The Academy has not yet determined the impact of this statement.

GASB Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued in March 2020. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. This Standard becomes effective for the Academy in fiscal year in fiscal year 2023. The Academy has not yet determined the impact of this statement.

GASB Statement No. 96: Subscription-Based Information Technology Arrangements. Statement 96 was issued in May 2020. This Statement establishes standards of accounting and financial reporting for Subscription-based information technology arrangements by a government end user (a government). This Standard becomes effective for the Academy in fiscal year in fiscal year 2023. The Academy has not yet determined the impact of this statement.

GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Statement 97 was issued in June 2020. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This Standard becomes effective for the Academy in fiscal year in fiscal year 2022. The Academy has not yet determined the impact of this statement.

Note 15. Expenditures in Excess of Appropriations

For the year ending August 31, 2021, expenditures exceeded appropriations in the following functions: School Leadership (\$10,744); Health Services (\$6,654), General Administration (\$17,657), and facilities maintenance and operations (\$23,119).

Note 16. Deficit Fund Balances

The ESSER Fund reported a deficit fund balance of \$78,243 as a result of pre-award costs that were incurred in advance of the grant award date.

Required Supplementary Information

Westlake Academy
(A Component Unit of the Town of Westlake)
Budgetary Comparison Schedule – General Fund
For the Year Ended August 31, 2021

Exhibit E-1

Data Control Codes		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 1,279,135	\$ 1,256,035	\$ 1,251,421	\$ (4,614)
5800	State program revenues	8,152,843	8,405,664	8,402,682	(2,982)
5020	Total revenues	<u>9,431,978</u>	<u>9,661,699</u>	<u>9,654,103</u>	<u>(7,596)</u>
EXPENDITURES					
CURRENT:					
0011	Instruction	5,141,964	5,108,409	5,058,615	49,794
0012	Instructional resources and media services	95,802	95,802	65,972	29,830
0013	Curriculum and staff development	64,045	55,595	30,932	24,663
0021	Instructional leadership	191,240	191,240	177,683	13,557
0023	School leadership	1,117,395	1,121,368	1,132,112	(10,744)
0031	Guidance, counseling, and evaluation services	604,282	613,976	604,121	9,855
0033	Health services	82,673	84,867	91,521	(6,654)
0036	Extracurricular activities	272,047	282,547	253,839	28,708
0041	General administration	241,995	242,579	260,236	(17,657)
0051	Facilities maintenance and operations	983,676	1,043,676	1,066,795	(23,119)
0052	Security and monitoring services	26,800	26,800	15,542	11,258
0053	Data processing services	221,565	236,625	223,858	12,767
0061	Community services	142,471	142,471	137,299	5,172
DEBT SERVICE:					
0071	Debt service - principal on long-term debt	195,108	195,108	195,108	-
0072	Debt service - interest on long-term debt	12,814	12,814	12,814	-
6030	Total expenditures	<u>9,393,877</u>	<u>9,453,877</u>	<u>9,326,447</u>	<u>127,430</u>
1100	Excess of revenues over expenditures	<u>38,101</u>	<u>207,822</u>	<u>327,656</u>	<u>119,834</u>
1200	Net change in fund balance	38,101	207,822	327,656	119,834
0100	Fund balances--beginning	<u>1,751,177</u>	<u>1,751,177</u>	<u>1,751,177</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 1,789,278</u>	<u>\$ 1,958,999</u>	<u>\$ 2,078,833</u>	<u>\$ 119,834</u>

The Notes to the Budgetary Comparison Schedule are an integral part of this statement.

Westlake Academy

(A Component Unit of the Town of Westlake)
Notes to the Budgetary Comparison Schedule
For the Year Ended August 31, 2021

Budgetary Information

The Board of Trustees adopts an "appropriated budget" on a GAAP basis for the General Fund. The Academy is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The General Fund budget appears in Exhibit E-1.

The following procedures are followed in establishing the budgetary data:

1. Prior to August 25 of the preceding fiscal year, the Academy prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget.
3. Prior to September 1, the budget is legally enacted through resolution by the Board. Once a budget is approved, it can only be amended at the object by the staff, function and fund level must be amended by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment made before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end.
4. Westlake Academy employees can amend the budget within each function as long as the total function expenditure remains the same as adopted budget. If the total budgeted function expenditure is amended and different from adopted budget, the Board must approve the amendment. All budget appropriations lapse at year end.

Westlake Academy

(A Component Unit of the Town of Westlake)

Schedule of Academy's Proportionate Share of Net Pension Liability –
Teacher Retirement System
For the Last Seven Plan Years**Exhibit E-2**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Academy's proportion of the net pension liability	0.0055779%	0.0028912%	0.0027061%	0.0028012%	0.0027822%	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability \$	2,987,427	\$ 1,502,914	\$ 1,489,525	\$ 895,663	\$ 1,051,346	\$1,093,865	\$ 192,056
State's proportionate share of net pension liability associated with Westlake Academy	4,112,478	5,272,547	5,571,598	3,480,057	4,035,754	3,667,893	2,965,583
Total	<u>\$ 7,099,905</u>	<u>\$ 6,775,461</u>	<u>\$ 7,061,123</u>	<u>\$ 4,375,720</u>	<u>\$ 5,087,100</u>	<u>\$4,761,758</u>	<u>\$3,157,639</u>
Academy's covered payroll \$	5,984,542	\$ 5,534,431	\$ 5,289,916	\$ 5,391,515	\$ 5,094,571	\$4,784,695	\$4,300,931
Academy's proportionate share of net pension liability as a percentage of its covered payroll	49.92%	27.16%	28.16%	16.61%	20.64%	22.86%	4.47%
Plan fiduciary net position as a percentage of total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Westlake Academy**Exhibit E-3**Schedule of Pension Contributions – Teacher Retirement System
For the Last Seven Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 222,306	\$ 230,148	\$ 100,311	\$ 91,593	\$ 131,436	\$ 88,399	\$ 92,325
Actual contributions in relation to statutorily required contributions	<u>222,306</u>	<u>230,148</u>	<u>100,311</u>	<u>91,593</u>	<u>131,436</u>	<u>88,399</u>	<u>92,325</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$6,119,043	\$5,984,542	\$5,534,431	\$ 5,289,916	\$ 5,391,515	\$ 5,094,571	\$4,784,695
Contributions as a percentage of Academy's covered payroll	3.63%	3.85%	1.81%	1.73%	2.44%	1.74%	1.93%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the Academy's current fiscal year as opposed to the time period covered by the measurement date.

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

Westlake Academy

(A Component Unit of the Town of Westlake)

Schedule of Academy's Proportionate Share of Net OPEB Liability –
Teacher Retirement System TRS Care Plan
For the Last Four Plan Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Academy's proportion of the net OPEB liability	0.006088651%	0.0059857139%	0.005909340%	0.0058830418%
Academy's proportionate share of net OPEB liability	\$ 2,314,571	\$ 2,830,719	\$ 2,950,588	\$ 2,558,314
State's proportionate share of net OPEB liability associated with Westlake Academy	<u>3,110,229</u>	<u>3,761,390</u>	<u>4,695,104</u>	<u>4,406,333</u>
Total	<u>\$ 5,424,800</u>	<u>\$ 6,592,109</u>	<u>\$ 7,645,692</u>	<u>\$ 6,964,647</u>
Academy's covered payroll	\$ 5,984,542	\$ 5,534,431	\$ 5,289,916	\$ 5,391,515
Academy's proportionate share of net OPEB liability as a percentage of its covered payroll	38.68%	51.15%	55.78%	47.45%
Plan fiduciary net position as a percentage of total OPEB liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #75. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Westlake AcademySchedule of OPEB Contributions – Teacher Retirement System TRS Care Plan
For the Last Four Fiscal Years

Exhibit E-5

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 46,994	\$ 46,278	\$ 46,703	\$ 46,204
Actual contributions in relation to statutorily required contributions	<u>46,994</u>	<u>46,278</u>	<u>46,703</u>	<u>46,204</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$ 6,102,222	\$ 5,984,542	\$ 5,534,431	\$ 5,289,916
Contributions as a percentage of Academy's covered payroll	0.77%	0.77%	0.84%	0.87%

Note: GASB 75 requires that the data in this schedule be presented as of the Academy's current fiscal year as opposed to the time period covered by the measurement date.

Note: Only four years of data is presented in accordance with GASB #75. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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Combining Statements

Westlake Academy
(A Component Unit of the Town of Westlake)
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2021

Exhibit F-1

Data Control Codes		224 IDEA Part B Formula	397 Advanced Placement Initiatives	461 Campus Activity Funds	484 Local Grant	Total Nonmajor Governmental Funds
ASSETS						
1110	Cash and cash equivalents	\$ -	\$ -	\$ 51,764	\$ -	\$ 51,764
1290	Other receivables	-	-	-	2,323	2,323
1410	Prepaid expenditures	-	-	500	3,999	4,499
1000	Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,264</u>	<u>\$ 6,322</u>	<u>\$ 58,586</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
2110	Accounts payable	\$ -	\$ -	\$ 575	\$ -	\$ 575
2170	Due to other funds	-	-	-	4,223	4,223
	Total liabilities	<u>-</u>	<u>-</u>	<u>575</u>	<u>4,223</u>	<u>4,798</u>
FUND BALANCES:						
Nonspendable for:						
3430	Prepaid items	-	-	500	3,999	4,499
Restricted for:						
3490	Donor stipulations	-	-	-	2,099	2,099
Committed for:						
3545	Campus activities	-	-	51,189	-	51,189
3600	Unassigned	-	-	-	(3,999)	(3,999)
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>51,689</u>	<u>2,099</u>	<u>53,788</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,264</u>	<u>\$ 6,322</u>	<u>\$ 58,586</u>

Westlake Academy

(A Component Unit of the Town of Westlake)

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances – Nonmajor Governmental Funds
For the Year Ended August 31, 2021

Data Control Codes		224	397	461	484	Total Nonmajor Governmental Funds
		IDEA Part B Formula	Advanced Placement Initiatives	Campus Activity Funds	Local Grant	
REVENUES						
5700	Local and intermediate sources	\$ -	\$ -	\$ 64,539	\$ 107,439	\$ 171,978
5800	State program revenues	-	4,050	-	-	4,050
5900	Federal program revenues	121,678	-	-	-	121,678
5020	Total revenues	121,678	4,050	64,539	107,439	297,706
EXPENDITURES						
Current:						
0011	Instruction	121,678	4,050	-	42,053	167,781
0031	Guidance, counseling and evaluation services	-	-	-	1,000	1,000
0036	Extracurricular activities	-	-	75,289	39,257	114,546
0041	General administration	-	-	3,631	818	4,449
0051	Facilities maintenance and operations	-	-	-	22,375	22,375
6030	Total expenditures	121,678	4,050	78,920	105,503	310,151
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(14,381)	1,936	(12,445)
1200	NET CHANGE IN FUND BALANCES	-	-	(14,381)	1,936	(12,445)
0100	FUND BALANCES, BEGINNING	-	-	9,947	163	10,110
	Cumulative effect of change in accounting principle	-	-	56,123	-	56,123
	FUND BALANCES, BEGINNING, AS RESTATED	-	-	66,070	163	66,233
3000	FUND BALANCES, ENDING	\$ -	\$ -	\$ 51,689	\$ 2,099	\$ 53,788

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Internal Control Report

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

To the Board of Trustees
Westlake Academy

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Westlake Academy (the Academy) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the 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 the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 determination of financial statement amounts.

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*.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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The Board of Trustees
Westlake Academy

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 10, 2021