WESTLAKE ACADEMY

International Baccalaureate World School

Annual Financial Report

Fiscal Year Ending August 31, 2023



IB Education for ALL: Empowering Students in a Changing Global Society

Westlake Academy * 2600 Ottinger Road * Westlake, Texas 76262 * Tarrant County

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, 2023
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Certificate of Board

WESTLAKE ACADEMY	TARRANT	220-810
Name of School	County	County 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, 2023 at a meeting of the Board of Trustees of such school on the 5th day of August, 2024.

Dianna Buchanan

Board Secretary Dianna Buchanan

Signature of Board President Kim Greaves

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

(Attach list as necessary)

WESTLAKE ACADEMY

RESOLUTION NO. 24-27

A RESOLUTION OF THE WESTLAKE ACADEMY BOARD OF TRUSTEES APPROVING THE FISCAL YEAR 2022-2023 ANNUAL AUDIT REPORT FROM BROOKSWATSON & CO., PLLC, CERTIFIED PUBLIC ACCOUNTANTS.

WHEREAS, Under Title 19 Chapter 109.23(d) of the Texas Administrative Code, the district must hire at its own expense an independent auditor to conduct an independent audit of its financial statements and provide an opinion on its Annual Financial Report, and

WHEREAS, Under Section 44.008(d) of the Texas Education Code, the annual financial audit is due no later than the 150th day after the end of the fiscal year (January 28 for the August 31 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: That all matters stated in the Recitals hereinabove are found to be true and correct and are incorporated herein by reference as if copied in their entirety.

SECTION 2: That the Board of Trustees of Westlake Academy does hereby approve the Fiscal Year 2022-2023 annual audit report from BrooksWatson & Co., PLLC, Certified Public Accountants attached hereto 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 of Trustees 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 5th DAY OF AUGUST 2024.

Kim Greaves, President

ATTEST:

Dianna Buchanan, Board Secretary

Kelly Ritchie, Head of School

APPROVED AS TO FORM:

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

TOWN OF WESTLAKE
TEXAS

FINANCIAL SECTION


TOWN OF WESTLAKE
WESTLAKE ACADEMY

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Westlake Academy:

Report on the Audit of the Financial Statements

Opinions

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 the Westlake Academy (the "Academy") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 the Westlake Academy, as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. We are required to be independent of Westlake Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2024, 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.



BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
July 31, 2024


TOWN OF WESTLAKE
WESTLAKE ACADEMY

Westlake Academy

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2023

This section of the Westlake Academy (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the Academy's financial statements. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, receivable allowances, and net pension/OPEB liability.

Financial Highlights

- The liabilities and deferred inflows of the Academy exceeded its assets and deferred outflows (net position) at August 31, 2023 by $3,450,477.

- The Academy's total net position decreased by $379,319.

- The Academy reported $12,241,095 in expenses related to governmental activities, of which $4,224,499 of these expenses were offset by program-specific charges for services or grants and contributions.

- At the end of the fiscal year, the general fund reported a fund balance of $1,137,035, a decrease of $581,545.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements 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.

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.

The government-wide financial statements can be found on pages 18-20 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 21 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. All of the funds of the Academy can be divided into two categories: governmental funds and fiduciary funds.

- 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.

Governmental Funds

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

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

The Academy maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the ESSER fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Board of Trustees adopts a budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Academy's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Academy maintains one fiduciary fund, the Student Activity Fund. The *custodial fund* accounts for resources held for others in a custodial capacity.

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 2023, the Foundation contributed $1,398,367 to the Academy to enhance educational opportunities. These contributions are recorded as operating grants and contributions in the Statement of Activities.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 27-56 of this report.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension/OPEB liability and related ratios and schedule of employer contributions for the Teacher Retirement System of Texas. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the Academy's financial position. For the Westlake Academy liabilities exceeded assets by $3,450,477 as of August 31, 2023, in the primary government.

A portion of the Academy's net position, $177,059 reflects its investments in capital assets (e.g. right to use assets), less any debt used to acquire those assets that are still outstanding. The Academy uses these capital assets to provide services to its teachers and students; consequently, these assets are not available for future spending. Although the Academy's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Westlake Academy's net position of $2,630 represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the Westlake Academy reported negative balances for unrestricted net position for the primary government. The same situation held true for the prior fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities			
	2023	**2022**	**$ Change**	**% Change**
Current and other assets	$ 1,827,572	$ 2,237,052	$ (409,480)	-18%
Capital assets, net	541,319	549,398	(8,079)	-1%
Total Assets	2,368,891	2,786,450	(417,559)	-15%
Deferred Outflows of Resources	2,984,500	2,168,645	815,855	38%
Current liabilities	800,630	707,565	93,065	13%
Long-term liabilities	5,213,744	4,027,728	1,186,016	29%
Total Liabilities	6,014,374	4,735,293	1,279,081	27%
Deferred Inflows of Resources	2,789,494	3,290,960	(501,466)	-15%
Net Position:				
Net investment in capital assets	177,059	55,866	121,193	100%
Restricted	2,630	1,818	812	45%
Unrestricted	(3,630,166)	(3,128,842)	(501,324)	16%
Total Net Position	$ (3,450,477)	$ (3,071,158)	$ (379,319)	$ 12%

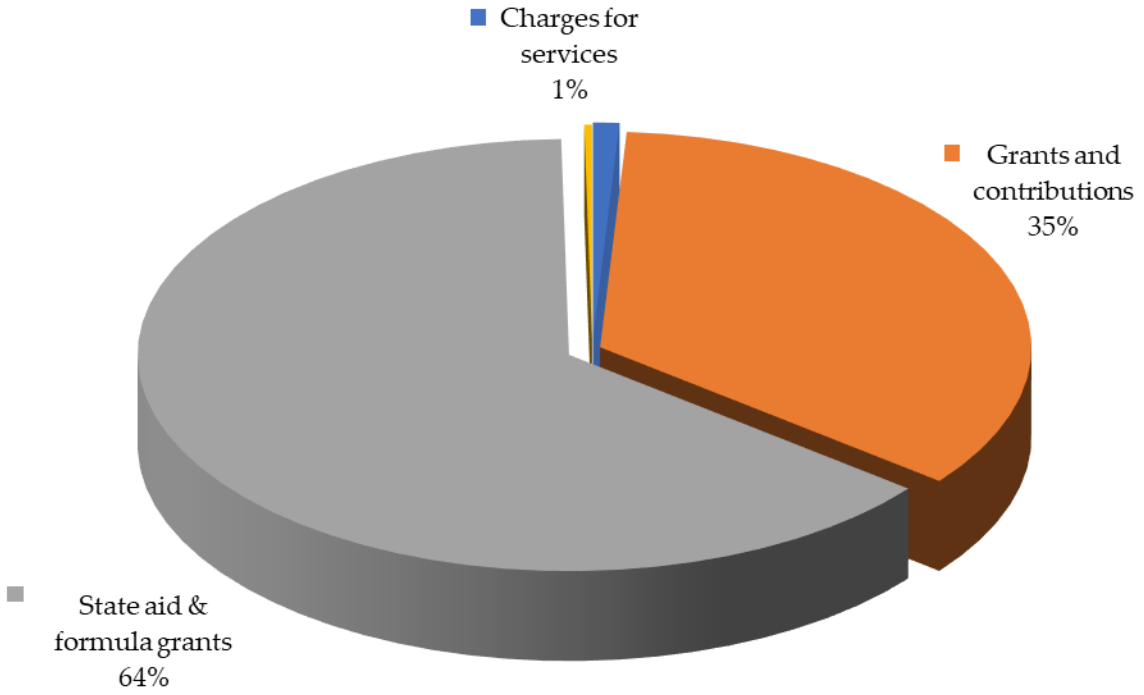
Statement of Activities:

The following table provides a summary of the Academy's changes in net position:

	Governmental Activities			
	2023	**2022**	**$ Change**	**% Change**
Revenues				
Program revenues:				
Charges for services	$ 116,869	$ 72,495	$ 44,374	$ 61%
Operating grants and contributions	3,302,992	2,860,710	442,282	15%
Capital grants and contributions	804,638	841,005	(36,367)	-4%
General revenues:				
State aid & formula grants	7,602,771	7,698,507	(95,736)	-1%
Investment earnings (losses)	34,506	5,823	28,683	493%
Total Revenues	11,861,776	11,478,540	383,236	3%
Expenses				
Instruction	6,075,612	6,243,385	(167,773)	-3%
Instruction resources and media services	201,983	197,026	4,957	3%
Curriculum and staff development	82,243	152,125	(69,882)	-46%
Instructional leadership	251,874	244,399	7,475	3%
School leadership	1,266,403	1,401,081	(134,678)	-10%
Guidance, counseling and evaluations	593,571	567,216	26,355	5%
Health services	153,614	137,527	16,087	12%
Food service	51,499	51,779	(280)	-1%
Extracurricular activities	867,508	608,292	259,216	43%
General administration	726,589	286,262	440,327	154%
Facilities maint. and oper.	1,340,628	1,320,609	20,019	2%
Security and monitoring	49,908	6,231	43,677	701%
Data processing services	389,645	336,010	53,635	16%
Community services	166,746	152,200	14,546	10%
Debt service - interest	23,272	23,221	51	0%
Total Expenses	12,241,095	11,727,363	513,732	4%
Change in Net Position	(379,319)	(248,823)	(130,496)	
Beginning Net Position	(3,071,158)	(2,822,335)	(248,823)	9%
Ending Net Position	$ (3,450,477)	$ (3,071,158)	$ (379,319)	$ 12%

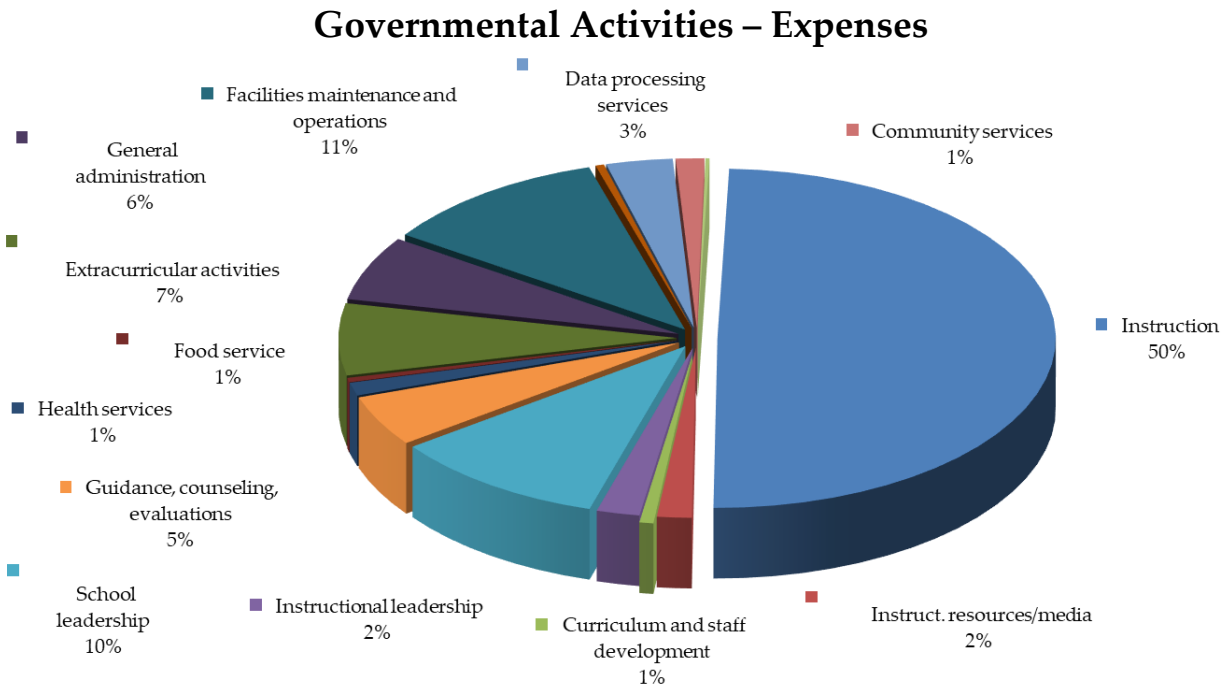
Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the Academy's activities.

Governmental Activities – Revenues



For the year ended August 31, 2023, revenues from governmental activities totaled $11,861,776. Overall revenue increased $383,236 or 3% from the prior year.

This graph shows the governmental function expenses of the Academy:



For the year ended August 31, 2023, expenses for governmental activities totaled $12,241,095. This represents an increase of $513,732 or 4% from the prior year.

- The Academy's largest expense category is instruction, which totaled $6,075,612 at year-end.
- Instruction resources and media services expenses increased $4,957, or 3% and is considered minimal.
- Curriculum and staff development decreased by $69,882 or 46% due to nonrecurring grant-funded travel for faculty to attend the 2022 IB Global Conference in the prior year.
- School leadership expenses decreased by $134,678 or 10%, primarily due to nonrecurring retention stipends paid in the prior year.
- Extracurricular activities increased by $259,216 or 43%, primarily due to greater athletic and academic club sponsor stipends paid in the current year.
- Data processing services increased by $53,635 or 16%. The change was the result of greater salaries paid in the current year.
- General administration expenses increased by $440,327 or over 100% primarily due to hiring a Head of School (or superintendent) in the current year.
- Security and monitoring services increased by $43,677 or over 100%. The increase is directly related to nonrecurring maintenance and repair contract costs in the current year.
- Data processing services increased by $53,635 or 16% primarily due to greater salaries and rent expenses in the current year.
- Community services expenses increased by $14,546 or 10% primarily due to an increase in salaries paid in the current year.

All other expenses were relatively consistent with the previous year.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the Academy's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the year.

At August 31, 2023, the Academy's governmental funds reported combined fund balances of $957,269, a decrease of $653,917 in comparison with the prior year. Approximately 72% of this amount, $685,098, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted or committed* to indicate that it is 1) not in spendable form $107,766 or 2) committed for particular purposes $161,775 or 3) restricted for donor stipulations $2,630.

As of the end of the year the general fund reflected a total fund balance of $1,137,035. General fund balance decreased by $581,545 during the current year. The decrease is primarily due to current year expenditures exceeding local sources and state program revenues.

The ESSER fund had an ending fund deficit of $291,834 at August 31, 2023. The fund balance decreased by $143,398. The decrease is primarily due to instruction and health service expenditures exceeding federal program revenues in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of $9,976,707 were less than actual revenues of $10,056,811, resulting in a positive revenue variance of $80,104. The positive variance was primarily the result of greater than expected local and intermediate revenue sources. Total budgeted expenditures of $10,543,056 were less than actual expenditures of $10,638,356, resulting in a negative expenditure variance of $95,300. The variance in total expenditures was primarily due to negative variances within the instruction, instructional resources and media, school leadership, and health services.

CAPITAL ASSETS

As of the end of the year, the Academy's governmental activities had invested $541,319 in right to use assets. This investment in assets includes a lease financing agreement for Apple TV equipment, Apple Macbooks, iPads, and Pro iOS software licenses. The Academy did not purchase new capital assets during the year. Current year depreciation amounted to $8,079.

More detailed information about the Academy's capital assets is presented in note 4.E to the financial statements.

LONG-TERM DEBT

The Academy's outstanding lease payable balance at the end of the current year was $364,260. During the year, principal payments totaling $185,083 were made on the outstanding lease obligations.

More detailed information about the Academy's long-term liabilities is presented in note 4.E to the financial statements.

CURRENT CONDITIONS AND FUTURE CONSIDERATIONS

The Town of Westlake and Westlake Academy are committed to the education, safety, and wellbeing of our students, staff, and their families. As we continue to be mindful of the COVID-19 public health crisis, that began for us in March of 2020, our campus has been structured to enhance educational opportunities so that children will continue to learn and thrive. We continue to deploy a variety of safety measures that support a healthy campus as we continue to educate our students in a face-to-face learning environment.

Westlake Population Growth: Over the past several years, our community has grown through the addition of new residential subdivisions and the construction of new homes within our existing neighborhoods. We are also within the heart of the Forth Worth-Dallas Metroplex, which has also experienced tremendous growth in residential units. This type of growth within our own community results in potentially greater enrollment of primary boundary students (those who live in the Westlake community). The regional growth will ultimately affect the extended boundary lottery wait list as more families seek admittance through the lottery.

Public Education Funding: Funding of public education continues to remain a topic of discussion across the state and will be discussed in the 2024 Legislative Session. As we receive the majority of our funding from the State of Texas, we will continue to work with Westlake Academy administrators and our elected officials to identify key revenue and expenditure drivers for the Academy while assessing historical financial trends and their impact upon our financial stability.

Change in Fiscal Year End: On June 21, 2023, the Texas Education Agency approved changing the fiscal year from beginning on September 1st and ending on August 31st to beginning on July 1st and ending on June 30th, effective September 1, 2023. In the first year of implementation, the financial accounting period will span 10 months, with an annual operating budget prepared on a 12-month basis. The financial data reported through the PEIMS collection system must also be on a 12-month basis, matching the 12-month budget and maintaining comparability with previous fiscal years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Fiscal Year 2023-2024 budget was prepared with conservative revenue projections and expenditures that are targeted to create an exceptional learning environment designed for student success and a supportive culture for all Westlake Academy students and staff members to continuously develop their knowledge and skills. Student enrollment projections for budgeting purposes remains at the 2022-2023 level of 875 students.

General Fund revenues are budgeted to increase by 11% over the actual revenues realized in FY23 due to the following increases and additions:

- Increase in interest income and food service activity,
- Increase in participation and donations through the Blacksmith Annual Campaign,
- Increase in municipal contributions for Westlake Academy Foundation salaries and benefits,
- Addition of municipal contributions for Westlake Academy operations.

Total appropriations within the General Fund budget are estimated to reach $11,136,118, which is a cumulative increase of 6% ($617,008) over actual expenditures in FY23. This change is primarily due to the addition of 11.5 full time employes and related payroll benefits. Changes in the Fiscal Year 2023-2024 adopted budget include:

Payroll

- Salary increases of 2.5% of mid-point plus step for positions listed on the step plan (teachers, librarians, counselors, nurses, diagnosticians), and 3% for those excluded from the step plan.
- Adding the following positions, which increased the total positions to 117.76:
    - (1.0) Middle school assistant principal
    - (3.0) Elementary paraprofessionals
    - (0.50) Elementary Spanish Teacher (moving position from part-time to full-time)
    - (0.50) DP Coordinator
    - (0.50) Middle school algebra teacher
    - (1.0) SPED teacher
    - (0.50) Speech Pathologist (moving position from part-time to full-time)
    - (1.0) Elementary STEM coordinator (changing funding source from ESSER to General Fund)
    - (0.50) Middle school math teacher (changing funding source from ESSER to General Fund)
    - (1.0) Assistant registrar
    - (1.0) SPED paraprofessional
    - (1.0) Nurse (changing funding source from Town of Westlake to Westlake Academy)
- Increase in athletic stipends,
- Increase in instructional stipends
- Increase in instructional coordinator stipends

Professional & Contracted Services

- A 16% average increase in expenditures related to services rendered to the Academy by firms, individuals, and other organizations. Changes include:
    - The addition of an annual maintenance agreement for eFinancePlus (a product of PowerSchool. The ERP went live July 1, 2023.
    - Changes in student support contracts for autism intervention, audiological, and physical therapy due to the changing needs in Special Education and 504 assessments.

Materials & Supplies

- A 20% average increase in expenditures associated with consumables used in the classroom and in the general operations of the campus, including:
    - Increases in program-specific instructional supplies,
    - Increases in technology-related supplies.

Miscellaneous Operating Costs

- A 9% average increase in expenditures associated with insurance, professional development travel, membership fees and dues, and other miscellaneous costs, including:
    - Travel and related professional development training for teachers and administrators
    - Professional and organizational dues,
    - Increase in liability and health insurance

Debt Service

- Costs related to the lease for iPads may see a slight increase due to property taxes on leased property,
    - I-Pad maintenance and repair costs are self-funded through a $99 annual technology use fee paid by each student at the beginning of the school year.

If the FY 2023-2024 budget estimates are realized, the Academy's General Fund's budgetary fund balance will not change from the prior year's audited ending fund balance by June 30, 2024, equating to 52 operating days.

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 at (817) 490-5721 or the Academic Finance Manager at (817) 490-5737, or by writing to 1500 Solana Blvd, Building 7, Suite 7200, Westlake, Texas 76262.

BASIC FINANCIAL STATEMENTS

Westlake Academy

STATEMENT OF NET POSITION (Page 1 of 2)

August 31, 2023

Exhibit A-1

Data Control Codes		1 Primary Government Governmental Activities	4 Component Unit
	Assets		
	Current assets:		
1110	Cash and cash equivalents	$ 705,343	$ 978,715
1120	Current investments	-	2,297,526
1240	Due from other governments	807,711	-
1290	Other receivables, net	206,752	-
1410	Prepaids	107,766	7,967
	Total Current Assets	1,827,572	3,284,208
	Noncurrent assets:		
	Capital assets:		
	Net depreciable capital assets	541,319	-
	Total Noncurrent Assets	541,319	-
1000	**Total Assets**	2,368,891	3,284,208
	Deferred Outflows of Resources		
1705	Pension outflows	2,242,340	-
1705	OPEB outflows	742,160	-
1700	**Total Deferred Outflows of Resources**	2,984,500	-

Westlake Academy

STATEMENT OF NET POSITION (Page 2 of 2)

August 31, 2023

Data Control Codes		1 Primary Government Governmental Activities	4 Component Unit
	Liabilities		
	Current liabilities:		
2110	Accounts payable	$ 255,563	$ 181,144
2160	Accrued wages payable	156,614	-
2180	Due to other governments	177,592	-
2200	Accrued expenditures	16,309	-
2501	Long-term debt due within one year	194,552	-
	Total Current Liabilities	800,630	181,144
	Noncurrent liabilities:		
2502	Long-term debt due in more than one year	169,708	-
2540	Net pension liability	3,465,116	-
2545	OPEB liability	1,578,920	-
	Total Noncurrent Liabilities	5,213,744	-
2000	**Total Liabilities**	6,014,374	181,144
	Deferred Inflows of Resources		
2605	Pension inflows	371,554	-
2605	OPEB inflows	2,417,940	-
2600	**Total Deferred Inflows of Resources**	2,789,494	-
	Net Position		
3200	Net investment in capital assets	177,059	-
	Restricted for:		
3890	Donor stipulations	2,630	85,537
3900	Unrestricted	(3,630,166)	3,017,527
3000	**Total Net Position**	$ (3,450,477)	$ 3,103,064

See Notes to Financial Statements.

Westlake Academy

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2023

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Program Revenues 5 Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position 6 Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position 9 Component Unit
	Primary Government						
	Governmental Activities						
11	Instruction	$ 6,075,612	$ -	$ 2,358,130	$ 499,957	$ (3,217,525)	$ -
12	Instructional resources and media	201,983	56,769	11,213	32,979	(101,022)	-
13	Curriculum and staff development	82,243	-	397,786	-	315,543	-
21	Instructional leadership	251,874	-	7,733	-	(244,141)	-
23	School leadership	1,266,403	-	42,532	16,003	(1,207,868)	-
31	Guidance, counseling, evaluations	593,571	-	28,516	4,059	(560,996)	-
33	Health services	153,614	-	103,009	12,667	(37,938)	-
35	Food service	51,499	7,931	27,066	51,499	34,997	
36	Extracurricular activities	867,508	50,825	263,152	42,044	(511,487)	-
41	General administration	726,589	1,344	48,388	10,195	(666,662)	-
51	Facilities maintenance and operations	1,340,628	-	-	120,999	(1,219,629)	-
52	Security and monitoring services	49,908	-	11,600	-	(38,308)	-
53	Data processing services	389,645	-	3,867	11,709	(374,069)	-
61	Community services	166,746	-	-	2,527	(164,219)	-
71	Debt service - interest	23,272	-	-	-	(23,272)	-
	Total Primary Government	$ 12,241,095	$ 116,869	$ 3,302,992	$ 804,638	$ (8,016,596)	$ -
	Component Unit						
IC	Westlake Academy Foundation	1,768,929	-	2,129,987	-		361,058
	Total Component Units	$ 1,768,929	$ -	$ 2,129,987	$ -		361,058

Data Control Codes	General Revenues:	Primary Government Governmental Activities	Component Unit
SF	State aid-formula grants	7,602,771	-
IE	Investment income	34,506	-
TR	**Total General Revenues**	7,637,277	-
CN	**Change in Net Position**	(379,319)	361,058
NB	Beginning Net Position	(3,071,158)	2,742,006
NE	**Ending Net Position**	$ (3,450,477)	$ 3,103,064

See Notes to Financial Statements.

Westlake Academy

BALANCE SHEET

GOVERNMENTAL FUNDS

August 31, 2023

Exhibit C-1

Data Control Codes		10 General	283 ESSER Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
	Assets				
1100	Cash and cash equivalents	$ 519,018	$ -	$ 186,325	$ 705,343
1240	Due from other governments	543,486	264,225	3,500	811,211
1260	Due from other funds	324,969	-	-	324,969
1290	Other receivables, net	203,252	-	-	203,252
1410	Prepaids	102,405	-	5,361	107,766
	Total Assets	$ 1,693,130	$ 264,225	$ 195,186	$ 2,152,541
	Liabilities				
2110	Accounts payable	$ 226,747	$ -	$ 28,816	$ 255,563
2160	Accrued wages payable	156,614	-	-	156,614
2170	Due to other funds	-	270,667	54,302	324,969
2180	Due to other governments (Town of Westlake)	156,425	21,167	-	177,592
2200	Accrued expenditures	16,309	-	-	16,309
	Total Liabilities	556,095	291,834	83,118	931,047
	Deferred Inflows of Resources				
	Unavailable revenue - due from state	-	264,225	-	264,225
	Total Deferred Inflows of Resources	-	264,225	-	264,225
	Fund Balances				
	Nonspendable:				
3430	Prepaid items	102,405	-	5,361	107,766
	Restricted for:				
3490	Donor stipulations	-	-	2,630	2,630
	Committed for:				
3545	Campus activities	-	-	161,775	161,775
3600	Unassigned	1,034,630	(291,834)	(57,698)	685,098
3000	**Total Fund Balances**	1,137,035	(291,834)	112,068	957,269
4000	**Total Liabilities. Deferred Inflows, and Fund Balances**	$ 1,693,130	$ 264,225	$ 195,186	$ 2,152,541

See Notes to Financial Statements.

Westlake Academy

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
August 31, 2023

Exhibit C-2

Fund Balances - Total Governmental Funds	$	957,269
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - net depreciable		541,319
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds		264,225
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension inflows		(371,554)
OPEB inflows		(2,417,940)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension outflows		2,242,340
OPEB outflows		742,160
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Net pension liability		(3,465,116)
OPEB liability		(1,578,920)
Leases payable, current		(194,552)
Leases payable, noncurrent		(169,708)
Net Position of Governmental Activities	$	(3,450,477)

Westlake Academy

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

Exhibit C-3

Data Control Codes		10 General	283 ESSER Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
	Revenues				
5700	Local and intermediate sources	$ 2,067,385	$ -	$ 574,097	$ 2,641,482
5800	State program revenues	7,989,426	-	56,665	8,046,091
5900	Federal program revenues	-	82,135	126,589	208,724
5020	**Total Revenues**	10,056,811	82,135	757,351	10,896,297
	Expenditures				
	Current:				
0011	Instruction	5,179,262	135,286	216,093	5,530,641
0012	Instructional resources and media	161,106	-	7,086	168,192
0013	Curriculum and staff development	76,648	-	5,595	82,243
0021	Instructional leadership	250,159	-	-	250,159
0023	School leadership	1,238,558	-	-	1,238,558
0031	Guidance, counseling, evaluations	577,799	4,500	3,570	585,869
0033	Health services	59,519	80,965	-	140,484
0036	Extracurricular activities	374,074	-	449,714	823,788
0041	General administration	711,174	-	2,367	713,541
0051	Facilities maintenance and operations	1,214,255	4,782	-	1,219,037
0052	Security and monitoring services	48,008	-	1,900	49,908
0053	Data processing services	376,488	-	-	376,488
0061	Community services	162,951	-	-	162,951
	Debt Service:				
0071	Principal	185,083	-	-	185,083
0072	Interest and fiscal charges	23,272	-	-	23,272
	Total Expenditures	10,638,356	225,533	686,325	11,550,214
1100	**Excess of Revenues Over (Under) Expenditures**	(581,545)	(143,398)	71,026	(653,917)
1200	**Net Change in Fund Balances**	(581,545)	(143,398)	71,026	(653,917)
0100	Beginning fund balances	1,718,580	(148,436)	41,042	1,611,186
3000	**(Deficit) Ending Fund Balances**	$ 1,137,035	$ (291,834)	$ 112,068	$ 957,269

See Notes to Financial Statements.

Westlake Academy

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2023

Exhibit C-4

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(653,917)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(8,079)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		160,841
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		(281,315)
OPEB expense		218,068
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on leases		185,083
Change in Net Position of Governmental Activities	$	(379,319)

See Notes to Financial Statements.

Westlake Academy

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

August 31, 2023

Exhibit D-1

	Custodial Fund Student Activity Fund
Assets	
Cash and cash equivalents	$ 44,194
Prepaids	315
Total Assets	44,509
Liabilities	
Accounts payable	12,154
Total Liabilities	12,154
Net Position	
Held for student activities	32,355
Total Net Position	$ 32,355

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

Westlake Academy

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

August 31, 2023

Exhibit D-2

	Custodial Fund
	Student Activity Fund
Additions	
Local and intermediate sources	$ 58,099
Total Additions	58,099
Deductions	
Extracurricular activities	48,089
Total Deductions	48,089
Change in Fiduciary Net Position	10,010
Beginning net position	22,345
Ending Net Position	$ 32,355

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 more significant accounting policies of the Academy are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Financial Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary

government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, collect grants, set rates or charges, or issue bonded debt without approval by the primary government.

Discretely Presented Component Units

Westlake Academy Foundation

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. 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.

C. Basis of Presentation - 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.

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 and 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.

D. 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.

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.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The government reports the following major governmental funds:

General Fund

The General Fund is the main operating fund of the Academy. This fund is used to account for all financial resources not accounted for in other funds.

ESSER 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.

Additionally, the Academy reports for the following nonmajor governmental funds:

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. These activities are excluded from the school's government-wide financial statements because they cannot use these assets to finance their operations.

D. 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 ensure 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.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. 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, 2023, the carrying amount of the Academy's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments), including $44,194 recorded in the Custodial fund, was $749,428 and the bank balance was $683,093. The carrying amount of the Foundation's deposits was $978,715 as of August 31, 2023 and the bank balance was $1,008,626. The Academy cash deposits at August 31, 2023 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 on $65,609,936.
c. The highest combined balances of cash, savings, and time deposit accounts amounted to $58,278,008 ($1,673,298 of which belonged to the Academy) on March 30, 2023.
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.

2. Fair Value

The Academy has applied Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

As the Academy constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in note E.7. below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Capital assets are generally procured by the Town of Westlake and reported in the Town's financial statements.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for

reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds may report unavailable revenues from grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

7. Leases

The Academy is a lessee for a noncancellable lease of office equipment. The Academy recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Academy recognizes lease liabilities with an individual value of $10,000 or more.

At the commencement of a lease, the Academy initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Academy determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

8. Pensions and OPEB ("Other Post-Employment Benefits")

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

9. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Estimates

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

F. Revenues and Expenditures/Expenses

Amounts reported as program revenues include 1) charges to services or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All grants, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Board of Trustees adopts an "appropriated budget" on a Generally Accepted Accounting Principles (GAAP) basis for the general fund. The general fund budget appears in Exhibit E-1. Prior to August 25 of the preceding fiscal year, the Academy prepares a budget for the next succeeding fiscal year beginning September 1. 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 level by the staff. The function and fund level must be amended by approval of a majority of the members of the Board. Westlake Academy employees can amend the budget within each function as long as the total function expenditure remains the same as of the adopted budget. If the total budgeted function expenditure is amended and different from the adopted budget, the Board must approve that amendment. Appropriations lapse at the end of the year. During the fiscal year ended August 31, 2023, several supplemental budget appropriations were made.

As of August 31, 2023, expenditures exceeded appropriations at the legal level of control (fund level) for the General fund in the amount of $9,225.

A. Restricted Net Position

The Academy records restricted net position on amounts with externally imposed restrictions (e.g., through donor stipulations) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was $2,630.

B. Deficit Fund Equity & Net Position

At August 31, 2023, the ESSER fund, IMA fund, Silent Panic Alert fund, and Local Grants fund had a deficit fund balances of $291,834, $3,322, $1,900, and $47,115, respectively. The deficit balances will be eliminated in the future by decreasing expenditures and receiving additional grant funding. The Academy's net position had a deficit net position of $3,364,402, primarily as a result of the pension and OPEB liabilities.

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2023, the Academy had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
External investment pools	$ 110	0.08
Total fair value	$ 110	
Portfolio weighted average maturity		0.08

See the Westlake Academy Foundation's annual report for their weighted average to maturity.

Credit risk: The Academy's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service. As of August 31, 2023, TexPool's investments credit quality rating was AAAm (Standard & Poor's).

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of August 31, 2023, the Academy's deposits with financial institutions in excess of federal depository insurance were fully

collateralized by the FDIC insurance and pledged collateral held by the Academy's agent bank in the Town of Westlake's name.

Custodial credit risk – investments: For an investment, 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. The Academy's investment policy requires that it will seek to safeguard securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the Academy's safeguard account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At August 31, 2023, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurements

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar 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 our 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 to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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. There have been no changes in the methodologies used at August 31, 2023.

Marketable Equity Securities: Valued at the last reported daily price

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Component Unit's fair value measurements at August 31, 2023.

Investment Type	Level 1	Level 2	Level 3	Total
Marketable equity securities:				
Equity	$ 1,413,675	$ -	$ -	$ 1,413,675
Fixed income	883,851	-	-	883,851
Total assets measured at fair value:	$ 2,297,526	$ -	$ -	$ 2,297,526

C. Receivables

The following comprise receivable balances of the primary government at year end:

	General	ESSER	Nonmajor Govt.	Total
Due to other governments				
State entitlements	$ 543,486	$ 264,225	$ -	807,711
Federal agencies	-	-	-	-
Other	203,252	-	3,500	206,752
Total	$ 746,738	$ 264,225	$ 3,500	1,014,463

D. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, being depreciated:				
Right to use leased equipment	840,769	-	-	840,769
Total capital assets being depreciated	840,769	-	-	840,769
Less accumulated depreciation				
Right to use leased equipment	291,371	8,079	-	299,450
Total accumulated depreciation	291,371	8,079	-	299,450
Net capital assets being depreciated	549,398	(8,079)	-	541,319
Total Capital Assets	$ 549,398	$ (8,079)	$ -	$ 541,319

Depreciation was charged to governmental functions as follows:

0011	Instruction	$ 8,079
Total Governmental Activities Depreciation Expense		$ 8,079

E. Long-term Debt – Lease Payable

The Academy entered into a three-year lease agreement on July 1, 2022, as lessee for the acquisition and use of various Apple products and software licenses. The total initial lease liability for the agreement was recorded in the amount of $581,716. As of August 31, 2023, the value of the lease liability was $364,260. The Academy is required to make monthly principal/interest payments of $17,362. The lease has an interest rate of 5%. In addition, the office equipment has a three-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was $840,769 and had accumulated amortization of $299,450.

The following summarizes the changes in lease payable during the year.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Leases	$ 549,343	$ -	$ (185,083)	$ 364,260	$ 194,552
Total Governmental Activities	$ 549,343	$ -	$ (185,083)	$ 364,260	$ 194,552
Long-term Liabilities Due in More than One Year				$ 169,708	

The annual requirements to amortize lease obligations as of August 31, 2023, are as follows:

Governmental Activities

Year Ending August 31,	Leases Principal	Leases Interest	Total Requirements
2024	$ 194,552	$ 13,795	$ 208,347
2025	169,708	3,913	173,621
Total	$ 364,260	$ 17,708	$ 381,968

F. Interfund Transactions

The composition of interfund balances as of the year ended August 31, 2023 were as follows:

	Due to:		
Due from:	**ESSER**	**Nonmajor Govt.**	**Total**
General fund	$ 270,667	$ 54,302	$ 324,969
Total	$ 270,667	$ 54,302	$ 324,969

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

NOTE 5. OTHER INFORMATION

A. 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.

B. 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.

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, 2023 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.

C. Defined Benefit Pension Plan

Plan Description

The Westlake 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/2023%20ACFR%20Final%2011-20-2023.pdf; 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 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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 in (A) above.

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Schedule of Contribution Rates

Contribution Rates	2022 (Rate)	2023 (Rate)
Member	8.00%	8.00%
Non-employer contributing entity (State)	7.75%	8.00%
Employers	7.75%	8.00%

The employer and member contributions for the Academy's fiscal year 2023 amounted to $328,385 and $532,216, respectively. The State's contributions for plan year 2022 (measurement year) amounted to $316,825.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior 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 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The Total Pension Liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Market value
Single Discount Rate	7.00%
Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33% as reported in Fidelity Index's 20-year Municipal GO
Inflation	2.30% per year
Overall payroll growth	3.05% to 9.05%, including inflation
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 used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions

from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best 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 as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)	Expected Contribution to Long-Term Portfolio Returns
Global Equity	54.0 %	22.6 %	4.32 %
Stable Value	21.0	8.10	0.40
Real Return	21.0	12.8	1.31
Risk Parity	8.0	4.60	0.43
Asset Allocation Leverage	(4.0)	6.60	(0.04)
Inflation			2.70
Volatility Drag			(0.91)
Total	100.0%		8.19%

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Academy's proportionate share of the net pension	$ 5,390,407	$ 3,465,116	$ 1,904,578

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At August 31, 2023, the Academy reported a liability of $3,465,116 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	$3,465,116
State's proportionate share that is associated with Academy	4,030,833
Total	$7,495,949

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2021 thru August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0058367%, which was an increase of 0.000656% from its proportion measured as of August 31, 2021.

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, 2023, the Academy recognized pension expense of $995,002 and revenue of $385,302 for support provided by the State.

At August 31, 2023, the Academy reported deferred outflows and 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	$ 50,244	$ 75,546
Changes in actuarial assumptions	645,664	160,917
Difference between projected and actual investment earnings	342,343	-
Changes in proportion and difference between the employer's contributions and proportionate share of contributions	875,704	135,091
Contributions subsequent to the measurement date	328,385	-
Total	$ 2,242,340	$ 371,554

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $328,385 will be recognized as a reduction of the net pension liability for the year ending August 31, 2024.

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:	
2024	$ 428,344
2025	324,843
2026	240,311
2027	469,979
2028	78,923
Thereafter	1
	$ 1,542,401

D. Health Care Coverage

During the period ended August 31, 2022, 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.

E. 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 https://www.trs.texas.gov/TRS%20Documents/2023%20ACFR%20Final%2011-20-2023.pdf; 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 Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Suviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Suviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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% or not more than 0.75% 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.

Schedule of Contribution Rates

Contribution Rates	2022 (Rate)	2023 (Rate)
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding	1.25%	1.25%

The employer and member contributions for the Academy's fiscal year 2023 amounted to $58,196 and $43,241, respectively. The State's contributions for plan year 2022 (measurement year) amounted to $66,068.

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial assumptions:

The actuarial valuation of the total OPEB liability was performed as of August 31, 2022. 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, 2022 TRS annual pension actuarial valuation and used to calculate the net OPEB liability as of that date.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Actuarial cost method	Individual entry age normal
Inflation	2.3% per year
Discount rate	3.91%, as reported in Fidelity Index's 20-year Municipal GO AA Index as of August 31, 2022
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.
Healthcare trend rates	9% for Medicare retirees and 7.30% for non-Medicare retirees

Administrative expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.

Discount Rate:

A single discount rate of 3.91% was used to measure the total OPEB liability at August 31, 2022. This was an increase of 1.96% in the discount rate since the previous measurement date. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal Page | 4 to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the Academy, calculated using the discount rate of 3.91%, as well as what the Academy's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.91%) or 1-percentage-point higher (4.91%) than the current rate:

	1% Decrease 2.91%	Discount Rate 3.91%	1% Increase 4.91%
Academy's proportionate share of the net OPEB liability	$ 1,861,672	$ 1,578,920	$ 1,349,854

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	$ 1,301,037	$ 1,578,920	$ 1,939,159

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

At August 31, 2023, the Academy reported a liability of $1,578,920 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	$1,578,920
State's proportionate share that is associated with Academy	1,926,034
Total	$3,504,954

The Net OPEB Liability was measured as of August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was .0065942%, which was an increase of .000051724% the same proportion measured as of August 31, 2021.

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 increased from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2022, the Academy recognized OPEB expense of ($433,192) and revenue of ($273,320) for support provided by the State.

At August 31, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ 87,782	$ 1,315,382
Changes in actuarial assumptions	240,501	1,096,940
Difference between projected and actual investment earnings	4,703	-
Changes in proportion and difference between the employer's contributions and proportionate share of contributions	350,978	5,618
Contributions subsequent to the measurement date	58,196	-
Total	$ 742,160	$ 2,417,940

The Academy reported $58,196 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability for the year ending August 31, 2024.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	
2024	$ (339,639)
2025	(339,622)
2026	(272,665)
2027	(182,017)
2028	(211,879)
Thereafter	(388,154)
	$ (1,733,976)

F. Related Party Transactions

The Westlake Academy Foundation contributed $1,398,367 to the Academy during the fiscal year ended August 31, 2023.

G. 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, $804,638, in the government-wide statement of activities as capital grants and contributions and as expense allocated to the various functions.

H. Subsequent Events

The Academy elected to change their fiscal year end from an August 31st year end to a June 30th year end, effective for the fiscal year ending June 30, 2024.

There were no other material subsequent events through July 31, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION


TOWN OF WESTLAKE
WESTLAKE ACADEMY

Westlake Academy

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended August 31, 2023

Exhibit E-1

Data Control Codes		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	Revenues				
5700	Local and intermediate sources	$ 1,826,593	$ 1,838,783	$ 2,067,385	$ 228,602
5800	State program revenues	8,062,143	8,137,924	7,989,426	(148,498)
5020	**Total Revenues**	9,888,736	9,976,707	10,056,811	80,104
	Expenditures				
	Current:				
0011	Instruction	5,231,405	5,090,735	5,179,262	(88,527)
0012	Instructional resources and media	175,488	158,245	161,106	(2,861)
0013	Curriculum and staff development	81,200	76,650	76,648	2
0021	Instructional leadership	235,897	250,160	250,159	1
0023	School leadership	1,349,981	1,236,005	1,238,558	(2,553)
0031	Guidance, counseling, evaluations	551,771	578,940	577,799	1,141
0033	Health services	77,038	58,095	59,519	(1,424)
0036	Extracurricular activities	341,047	373,475	374,074	(599)
0041	General administration	193,950	710,625	711,174	(549)
0051	Facilities maintenance and operations	967,327	1,214,256	1,214,255	1
0052	Security and monitoring services	28,500	48,010	48,008	2
0053	Data processing services	283,666	376,550	376,488	62
0061	Community services	145,978	162,955	162,951	4
	Debt service:				
0071	Principal	202,216	185,083	185,083	-
0072	Interest	23,272	23,272	23,272	-
	Total Expenditures	9,888,736	10,543,056	10,638,356	(95,300) *
1100	**Revenues Over (Under) Expenditures**	-	(566,349)	(581,545)	(15,196)
1200	**Net Change in Fund Balance**	$ -	$ (566,349)	(581,545)	$ (15,196)
0100	Beginning fund balance			1,718,580	
3000	**Ending Fund Balance**			$ 1,137,035	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level on control.


TOWN OF WESTLAKE
WESTLAKE ACADEMY

Westlake Academy

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

For the Year Ended August 31, 2023

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

SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

Years Ended:

Exhibit E-2

	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018	8/31/2017	8/31/2016	8/31/2015	8/31/2014 [1]
Academy's proportion of the net pension liability	0.0058367%	0.0051806%	0.0055779%	0.0028912%	0.0027061%	0.0028012%	0.0027822%	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability	$ 3,465,116	$ 1,319,306	$ 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	4,030,833	1,996,109	4,112,478	5,272,547	5,571,598	3,480,057	4,035,754	3,667,893	2,965,583
Total	$ 7,495,949	$ 3,315,415	$ 7,099,905	$ 6,775,461	$ 7,061,123	$ 4,375,720	$ 5,087,100	$ 4,761,758	$ 3,157,639
Covered payroll	**$** 6,248,867	**$** 6,119,043	**$** 5,984,542	**$** 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 covered payroll	55.45%	21.56%	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	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Notes to schedule:

1) Only nine 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

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEACHER RETIREMENT SYSTEM OF TEXAS

Years Ended:

Exhibit E-3

	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018	8/31/2017	8/31/2016	8/31/2015 [1]
Statutorily required contributions	$ 328,385	$ 272,001	$ 222,306	$ 230,148	$ 100,311	$ 91,593	$ 131,436	$ 88,399	$ 92,325
Actual contributions in relation to statutorily required contributions	$ 328,385	$ 272,001	$ 222,306	$ 230,148	$ 100,311	$ 91,593	$ 131,436	$ 88,399	$ 92,325
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 6,648,972	$ 6,248,867	$ 6,119,043	$ 5,984,542	$ 5,534,431	$ 5,289,515	$ 5,391,515	$ 5,094,571	$ 4,784,695
Contributions as a percentage of Academy's covered payroll	4.94%	4.35%	3.63%	3.85%	1.81%	1.73%	2.44%	1.74%	1.93%

1) Only eight 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.

2) 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.

Westlake Academy

SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY TEACHER RETIREMENT SYSTEM CARE PLAN

Years Ended:

Exhibit E-4

	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018	8/31/2017 [1]
Academy's proportion of the net OPEB liability	0.0065942%	0.0060770%	0.0060887%	0.0059857%	0.0059093%	0.0058830%
Academy's proportionate share of net OPEB liability	$ 1,578,920	$ 2,344,162	$ 2,314,571	$ 2,830,719	$ 2,950,588	$ 2,558,314
State's proportionate share of net OPEB liability associated with Westlake Academy	1,926,034	3,140,655	3,110,229	3,761,390	4,695,104	4,406,333
Total	$ 3,504,954	$ 5,484,817	$ 5,424,800	$ 6,592,109	$ 7,645,692	$ 6,964,647
Covered payroll	$ 6,248,867	$ 5,264,791	$ 5,984,542	$ 5,534,431	$ 5,289,916	$ 5,391,515
Academy's proportionate share of net OPEB liability as a percentage of covered payroll	25.27%	44.53%	38.68%	51.15%	55.78%	47.45%
Plan fiduciary net position as a percentage of total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Notes to schedule:

[1] Only six 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 Academy

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEACHER RETIREMENT SYSTEM OF TEXAS

Years Ended:

Exhibit E-5

	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018 [1]
Statutorily required contributions	$ 58,196	$ 54,054	$ 46,994	$ 46,278	$ 46,703	$ 46,204
Actual contributions in relation to statutorily required contributions	$ 58,196	$ 54,054	$ 46,994	$ 46,278	$ 46,703	$ 46,204
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 6,648,972	$ 6,248,867	$ 6,102,222	$ 5,984,542	$ 5,534,431	$ 5,289,916
Contributions as a percentage of Academy's covered payroll	0.88%	0.87%	0.77%	0.77%	0.84%	0.87%

1) Only six 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."

2) 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.


TOWN OF WESTLAKE
WESTLAKE ACADEMY

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Westlake Academy

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2023

Exhibit H-3

Data Control Codes		224 IDEA Part B Formula	284 IDEA B Formula ARP	289 COVID Health Support	397 Advanced Placement Initiatives	410 IMA	429 Silent Panic Alert	461 Campus Activity Funds	484 Local Grants	497 WAF Endowment	Total
	Assets										
1100	Cash and cash equivalents	$ -	-	$ -	$ 2,630	$ -	$ -	$ 158,275	$ 25,420	$ -	$ 186,325
1240	Due from Town of Westlake	-	-	-	-	-	-	3,500	-	-	3,500
1410	Prepaids	-	-	-	-	5,361	-	-	-	-	5,361
1000	**Total Assets**	$ -	$ -	$ -	$ 2,630	$ 5,361	$ -	$ 161,775	$ 25,420	$ -	$ 195,186
	Liabilities										
2110	Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,816	$ -	$ 28,816
2170	Due to other funds	-	-	-	-	8,683	1,900	-	43,719	-	54,302
2000	**Total Liabilities**	-	-	-	-	8,683	1,900	-	72,535	-	83,118
	Fund Balances										
	Nonspendable:										
3430	Prepaids	-	-	-	-	5,361	-	-	-	-	5,361
	Restricted for:										
3490	Donor stipulations	-	-	-	2,630	-	-	-	-	-	2,630
	Committed for:										
3545	Campus activities	-	-	-	-	-	-	161,775	-	-	161,775
3600	Unassigned	-	-	-	-	(8,683)	(1,900)	-	(47,115)	-	(57,698)
3000	**Total Fund Balances**	-	-	-	2,630	(3,322)	(1,900)	161,775	(47,115)	-	112,068
4000	**Total Liabilities, Deferred Inflows, and Fund Balances**	$ -	$ -	$ -	$ 2,630	$ 5,361	$ -	$ 161,775	$ 25,420	$ -	$ 195,186

See notes to the financial statements

Westlake Academy

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

Exhibit H-4

Data Contro		224 IDEA Part B Formula	284 IDEA B Formula ARP	289 COVID Health Support	397 Advanced Placement Initiatives	410 IMA	429 Silent Panic Alert	461 Campus Activity Funds	484 Local Grants	497 WAF Endowment	Total
	Revenues										
5700	Local and intermediate sources	$ -	$ -	$ -	$ -	$ -	$ -	$ 388,409	$ 183,653	$ 2,035	$ 574,097
5800	State program revenues	-	-	-	812	55,853	-	-	-	-	56,665
5900	Federal program revenues	126,589	-	-	-	-	-	-	-	-	126,589
	Total Revenues	126,589	-	-	812	55,853	-	388,409	183,653	2,035	757,351
	Expenditures										
	Current:										
0011	Instruction	126,589	-	-	-	23,363	-	-	66,141	-	216,093
0012	Instructional resources and media	-	-	-	-	-	-	-	7,086	-	7,086
0013	Curriculum and staff development	-	-	-	-	-	-	-	5,595	-	5,595
0031	Guidance, counseling & evaluation	-	-	-	-	-	-	-	3,570	-	3,570
0036	Extracurricular activities	-	-	-	-	-	-	333,351	116,363	-	449,714
0041	General administration	-	-	-	-	-	-	332	-	2,035	2,367
0052	Security and monitoring services	-	-	-	-	-	1,900	-	-	-	1,900
	Total Expenditures	126,589	-	-	-	23,363	1,900	333,683	198,755	2,035	686,325
1100	**Excess (Deficiency) of Revenues Over (Under) Expenditures**	-	-	-	812	32,490	(1,900)	54,726	(15,102)	-	71,026
1200	**Net Change in Fund Balances**	-	-	-	812	32,490	(1,900)	54,726	(15,102)	-	71,026
0100	Beginning fund balances	-	-	-	1,818	(35,812)	-	107,049	(32,013)	-	41,042
3000	**Ending Fund Balances**	$ -	$ -	$ -	$ 2,630	$ (3,322)	$ (1,900)	$ 161,775	$ (47,115)	$ -	$ 112,068

See notes to the financial statements

Westlake Academy

USE OF FUNDS REPORT

August 31, 2023

Exhibit J-4

Data Control Codes	Section A : Compensatory Education Programs	Column 1 Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year	$ 26,641
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 14,742
	Section B : Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 13,565
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 17,744

INTERNAL CONTROL REPORT


TOWN OF WESTLAKE
WESTLAKE ACADEMY

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*

Independent Auditor's Report

To the Board of Trustees
Westlake Academy:

We have audited, 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, the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Westlake Academy as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Westlake Academy's basic financial statements, and have issued our report thereon dated July 31, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Westlake 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 Westlake Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Westlake 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Westlake Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Respectfully,



BrooksWatson & Co., PLLC
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July 31, 2024