

WALLER INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

**For the Fiscal Year Ended
August 31, 2025**



WALLER INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION



CERTIFICATE OF BOARD

Waller Independent School District

Name of School District

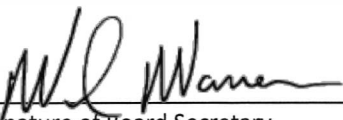
Waller

County

237-904

Co. - Dist. No.

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 15th day of January, 2026.



Signature of Board Secretary



Signature of Board President



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Waller Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waller Independent School District (the "District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Trustees
Waller Independent School District

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements per the table of contents, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Waller Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements per the table of contents, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Houston, Texas
January 15, 2026



WALLER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Waller Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025.

Financial Highlights

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$39,106,214 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$17,856,928). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2025. This recognition of such liabilities does not affect the financial stability of the District nor does it change how the District conducts its financial decision making. Rather, the District is reflecting its portion of the liabilities that the State of Texas manages and operates.

- The District's total net position at year end decreased by \$4,910,450. This decline was primarily driven by a reduction in operating grants and contributions, lower investment earnings, and an increase in total expenses associated with the District's continued growth and expansion.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$571,797,759, an increase of \$277,131,474 in comparison with the prior year. The primary driver of this increase was other financing sources related to the issuance of the Unlimited Tax School Building Bonds, Series 2025, recorded in the Capital Projects Fund.
- During the year, the District's expenses for governmental activities in the amount of \$170,297,073 exceeded total governmental activities revenues in the amount of \$165,320,437 by \$5,008,401.
- The general fund reported a fund balance this year of \$29,822,948. Of this amount, \$29,580,603 is for unassigned use by the District.
- The District issued \$399.2 million of Unlimited Tax School Building Bonds Series 2025 during fiscal year 2024-2025 for various construction and capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the District's most significant funds, not the District as a whole.

- 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.

The District has the following kinds of funds:

Governmental funds

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

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

The District maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the District's most significant funds. The District's major governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (child nutrition) and the debt service fund.

Proprietary funds

These funds include the enterprise fund. The District's vending fund, technology insurance fund, and extended day program fund activities are reported in the enterprise fund.

Fiduciary fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 30 and Statement of Changes in Fiduciary Net Position on page 31.

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found starting on page 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,106,214 at the close of the most recent fiscal year.

Net investment in capital assets of \$10,627,627 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress, right-to-use assets), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District'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 capital assets themselves cannot be used to liquidate these liabilities.

As of August 31, 2025 and 2024, the District's net position included the following:

Table I
Waller Independent School District
Comparative Schedule of Net Position
August 31, 2025 and 2024

	Governmental Activities			Business-Type Activities			Totals	
	2025	2024	Change	2025	2024	Change	2025	2024
Current and Other Assets	\$ 608,445,597	\$ 350,245,215	\$ 258,200,382	\$ 132,454	\$ 47,295	\$ 85,159	\$ 608,578,051	\$ 350,292,510
Capital Assets	679,479,699	550,445,106	129,034,593	-	-	-	679,479,699	550,445,106
Total Assets	1,287,925,296	900,690,321	387,234,975	132,454	47,295	85,159	1,288,057,750	900,737,616
Deferred Charge on Refunding	1,345,106	1,528,804	(183,698)	-	-	-	1,345,106	1,528,804
Deferred Outflow - Pension	9,213,580	15,793,744	(6,580,164)	-	-	-	9,213,580	15,793,744
Deferred Outflow - OPEB	13,210,498	9,399,172	3,811,326	-	-	-	13,210,498	9,399,172
Total Deferred Outflows	23,769,184	26,721,720	(2,952,536)	-	-	-	23,769,184	26,721,720
Long-Term Liabilities	1,221,658,354	809,411,202	412,247,152	-	-	-	1,221,658,354	809,411,202
Other Liabilities	32,781,227	50,631,452	(17,850,225)	6,064	18,856	(12,792)	32,787,291	50,650,308
Total Liabilities	1,254,439,581	860,042,654	394,396,927	6,064	18,856	(12,792)	1,254,445,645	860,061,510
Deferred Inflow - Pension	502,124	1,305,229	(803,105)	-	-	-	502,124	1,305,229
Deferred Inflow - OPEB	17,772,951	22,089,316	(4,316,365)	-	-	-	17,772,951	22,089,316
Total Deferred Inflows	18,275,075	23,394,545	(5,119,470)	-	-	-	18,275,075	23,394,545
Net Position								
Net Investment in Capital Assets	10,627,627	30,537,566	(19,909,939)	-	-	-	10,627,627	30,537,566
Restricted	46,335,515	30,919,193	15,416,322	-	-	-	46,335,515	30,919,193
Unrestricted	(17,983,318)	(17,481,917)	(501,401)	126,390	28,439	97,951	(17,856,928)	(17,453,478)
Total Net Position	\$ 38,979,824	\$ 43,974,842	\$ (4,995,018)	\$ 126,390	\$ 28,439	\$ 97,951	\$ 39,106,214	\$ 44,003,281

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For governmental activities, current and other assets increased by \$258.2 million compared to the prior year, primarily driven by higher investment balances. This growth was largely attributable to the issuance of \$399.2 million in new bonds, most of which remained unspent at fiscal year-end. The bond proceeds were also recorded as a noncurrent liability. Additionally, capital assets increased by \$129 million from the prior year, reflecting increased construction projects.

Long-term liabilities increased by \$412.2 million compared to the prior fiscal year, primarily attributable to the issuance of \$399.2 million in Unlimited Tax School Building Bonds, Series 2025. Other liabilities decreased by \$17.9 million, reflecting a reduction in accounts payable related to completed construction projects.

For business-type activities, current and other assets increased by \$85,159, primarily due to higher receivables from other funds. Total liabilities decreased by \$12,792, driven by a reduction in accounts payable.

Approximately \$10.6 million of the District's net position represent investments in capital assets net of related debt.

Changes in net position. The District's total revenues for governmental activities were \$165.3 million. A portion, 53 percent, of the District's revenue comes from local property taxes, 27 percent comes from state aid – formula grants, while 13 percent relates to charges for services, capital grants and contributions, and operating grants, and the remaining 7 percent relates to investment earnings and other miscellaneous revenue.

Total cost of all programs and services for governmental activities was \$170,297,073. The net position of the District's governmental activities for the current year decreased by \$5,008,401.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Key elements of the governmental and business-type activities of the District are reflected in the following table.

Table II
Waller Independent School District
Comparative Schedule of Changes in Net Position
For the Years Ended August 31, 2025 and 2024

	Governmental Activities			Business-Type Activities			Totals	
	2025	2024	Change	2025	2024	Change	2025	2024
Revenues								
Program Revenues:								
Charges for Services	\$ 2,930,504	\$ 2,702,355	\$ 228,149	\$ 312,346	\$ 153,345	\$ 159,001	\$ 3,242,850	\$ 2,855,700
Operating Grants and Contributions	15,650,662	19,642,977	(3,992,315)	-	-	-	15,650,662	19,642,977
Capital Grants and Contributions	2,345,714	1,512,177	833,537	-	-	-	2,345,714	1,512,177
General Revenues:								
Property Taxes	88,442,813	77,548,017	10,894,796	-	-	-	88,442,813	77,548,017
State Aid - Formula Grants	43,928,535	44,981,614	(1,053,079)	-	-	-	43,928,535	44,981,614
Interest Earnings	11,274,684	22,242,545	(10,967,861)	-	-	-	11,274,684	22,242,545
Miscellaneous	747,525	270,587	476,938	-	-	-	747,525	270,587
Special item - gain on sale of asset	-	20,392	(20,392)	-	-	-	-	20,392
Total Revenues	165,320,437	168,920,664	(3,600,227)	312,346	153,345	159,001	165,632,783	169,074,009
Expenses								
Instruction	73,727,377	68,794,715	4,932,662	-	-	-	73,727,377	68,794,715
Instructional Resources and Media	960,809	814,805	146,004	-	-	-	960,809	814,805
Curriculum and staff development	4,317,039	3,818,692	498,347	-	-	-	4,317,039	3,818,692
Instructional leadership	1,773,443	1,981,411	(207,968)	-	-	-	1,773,443	1,981,411
School leadership	6,507,395	5,986,032	521,363	-	-	-	6,507,395	5,986,032
Guidance, counseling, and evaluation services	5,903,877	5,170,513	733,364	-	-	-	5,903,877	5,170,513
Social work services	65,305	85,655	(20,350)	-	-	-	65,305	85,655
Health services	1,158,065	960,111	197,954	-	-	-	1,158,065	960,111
Student transportation	7,057,963	6,641,402	416,561	-	-	-	7,057,963	6,641,402
Food service	5,611,752	5,392,153	219,599	-	-	-	5,611,752	5,392,153
Extracurricular activities	4,017,969	3,845,768	172,201	-	-	-	4,017,969	3,845,768
General administration	4,966,659	3,998,636	968,023	-	-	-	4,966,659	3,998,636
Facilities maintenance and operations	13,086,953	11,086,137	2,000,816	-	-	-	13,086,953	11,086,137
Security and monitoring services	1,884,903	1,557,691	327,212	-	-	-	1,884,903	1,557,691
Data processing services	2,890,900	3,043,922	(153,022)	-	-	-	2,890,900	3,043,922
Community services	117,584	110,919	6,665	-	-	-	117,584	110,919
Interest on long-term debt	33,283,224	26,650,143	6,633,081	-	-	-	33,283,224	26,650,143
Facilities Acquisition and Construction	1,967,199	911,780	1,055,419	-	-	-	1,967,199	911,780
Payments related to shared services	111,333	136,779	(25,446)	-	-	-	111,333	136,779
Payments to Juvenile Justice Alternative Education Programs	56,769	12,285	44,484	-	-	-	56,769	12,285
Payments to Appraisal District	830,555	800,933	29,622	-	-	-	830,555	800,933
Vending	-	-	-	58,622	91,413	(32,791)	58,622	91,413
Technology Insurance	-	-	-	166,633	140,326	26,307	166,633	140,326
Extended Day Program	-	-	-	20,905	2,224	18,681	20,905	2,224
Total Expenses	170,297,073	151,800,482	18,496,591	246,160	233,963	12,197	170,543,233	152,034,445
Excess (deficiency) before transfers	(4,976,636)	17,120,182	(22,096,818)	66,186	(80,618)	146,804	(4,910,450)	17,039,564
Transfers	(31,765)	-	(31,765)	31,765	-	31,765	-	-
Increase (Decrease) in Net Position	(5,008,401)	17,120,182	(22,128,583)	97,951	(80,618)	178,569	(4,910,450)	17,039,564
Net Position - Beginning (2025 Restated)	43,988,225	26,854,660	17,133,565	28,439	109,057	(80,618)	44,016,664	26,963,717
Net Position - Ending	\$ 38,979,824	\$ 43,974,842	\$ (4,995,018)	\$ 126,390	\$ 28,439	\$ 97,951	\$ 39,106,214	\$ 44,003,281

Governmental Activities: Property tax revenues increased by \$10.9 million, primarily driven by higher property tax valuations. However, this increase was offset by a \$4 million reduction in operating grants and contributions due to the expiration of COVID-related funding in the prior year, as well as an \$11 million decline in interest earnings. As a result, total revenues decreased by \$3.6 million compared to the previous year. Total expenses increased by \$18.5 million, driven by the District's continued growth in student enrollment, campus expansion, and ongoing construction projects

Business-type Activities: Charges for services increased by \$159,001, primarily driven by higher fees from the technology insurance fund and the extended day program fund. Total expenses increased by \$12,197, reflecting increased costs in the technology insurance fund and extended day program, offset by reduced expenses in the vending fund.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds (as presented starting on page 20) reported a combined fund balance of \$571.8 million, an increase of \$277.1 million from last year.

Over the course of the year, the Board of Trustees revised the District's budget a number of times. These budget items fall into three categories. The first category includes amendments and supplemental appropriations that were provided shortly after the school year began. The second category involved moving funds from program areas that did not need or use all of the resources originally appropriated to them. The third category involved changes in state program revenues.

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$571,797,759 with an increase of \$277,131,474 in comparison with the prior year. The increase in ending governmental fund balances is due to increases in general fund, debt service fund, and capital projects fund. The primary drivers of these increases include other financing sources related to the new bond issuance, higher property tax revenues, and additional state aid.

The *general fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$29,580,603 while total fund balance reached \$29,822,948. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27% of total general fund expenditures, while total fund balance represents 28% of that same amount. The fund balance of the District's general fund increased by \$2,048,622 during the current fiscal year due to increase in property tax revenues and state aid.

The *debt service fund* has a total fund balance of \$43,360,509, all of which is restricted for the retirement of funded indebtedness. The net increase in fund balance during the current year of \$16,626,071 was primarily driven by property taxes and state program revenues exceeding total principal and interest expenditures, along with transfers from the capital projects fund.

The *capital projects fund* has a total fund balance of \$495,190,189, all of which is restricted for the capital acquisitions. The net increase in the capital projects fund balance during the current year of \$258,842,959 was primarily attributable to other financing sources related to the new bond issuance.

General Fund Budgetary Highlights

There were budget amendments for the 2024-2025 school year approved by the Board of Trustees. Budgets were adjusted to meet various needs throughout the District based on information available at the time of the amendments. These adjustments resulted in an overall increase in the final budgeted revenues of \$2.7 million over the original budget, driven primarily by higher projected state funding and anticipated property tax collections.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset and Long-Term Debt Activity

Capital Assets

At August 31, 2025, the District had \$679.5 million (net of depreciation and amortization) invested in a broad range of capital assets, including land, buildings, furniture and equipment, right-to-use assets used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$129.0 million (including additions and deductions) over last year. Additional details on capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2025	2024
Land	\$ 44,531,536	\$ 23,434,828
Buildings and Improvements	619,749,798	505,667,511
Furniture and equipment	34,748,032	23,157,593
Vehicles	14,594,587	14,444,877
Right-to-use assets	450,443	450,443
Construction in Progress	63,559,972	66,711,788
Total	777,634,368	633,867,040
Accumulated Depreciation and Amortization		
Buildings and Improvements	(82,439,759)	(70,645,853)
Furniture and equipment	(7,813,584)	(5,055,766)
Vehicles	(7,712,610)	(7,643,875)
Right-to-use assets	(188,716)	(76,440)
Total Accumulated Depreciation and Amortization	(98,154,669)	(83,421,934)
Net Capital Assets	\$ 679,479,699	\$ 550,445,106

Long-Term Debt

At year-end, the District had \$1.1 billion in general obligation debt at a coupon interest rate of 2.0-5.0% outstanding. Moody's Investors Service has assigned the District's general obligation bonds an A2 rating. Additional details on long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when setting the fiscal year 2025-2026 budget and tax rates. Some of these factors include the changing economy including the impact of inflation, statewide safety and security concerns, recruiting and retaining quality staff. A major factor considered when adopting the 2025-2026 budget and tax rate is the rapid growth the District is experiencing evidenced by the increase in enrollment and an increase in property values while the property tax rates have decreased and the homestead exemptions have increased due to the tax relief imposed by the 87th, 88th, and 89th Texas Legislative Sessions. The District's property values and student enrollment have steadily increased on average 15.05% and 4.73%, respectively, over the last 10 years creating a need for additional teaching staff, instructional support staff and related instructional resources. These factors along with the District's budget priorities of creating and offering a competitive compensation package for employees, maintaining existing facilities while keeping up with enrollment growth, and increasing general operating fund balance to stabilize the District's financial condition were taken into consideration when adopting the budget for 2025-2026. The Board of Trustees adopted a \$6.3 million deficit budget for 2025-2026 which included additional positions needed for growth and opening an eighth elementary school, Cure Elementary; operating costs for new & existing facilities; and an \$1,800 increase to the starting teacher salary, \$2,500 increase for teachers with 3-4 years experience, \$5,000 for teachers with 5 or more years of experience, and a 2% raise of the midpoint for all other employees. Despite the challenges presented with limited funding and adopting a deficit budget, the state of the District is strong because of the dedicated leadership and support provided by the Board of Trustees, committed staff members, our resilient students who take pride in their education, and our supportive community. Together we are able to support the District's goal of building brighter futures - every learner, every day

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Audrey Ambridge, Chief Financial Officer, at (936) 931-0314.

BASIC FINANCIAL STATEMENTS



WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2025

Exhibit A-1

Data Control Codes		Primary Government		
		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and Cash Equivalents	\$ 204,179,000	\$ 43,910	\$ 204,222,910
1120	Current Investments	191,424,549	-	191,424,549
1220	Property Taxes - Delinquent	6,051,060	-	6,051,060
1230	Allowance for Uncollectible Taxes	(102,884)	-	(102,884)
1240	Due from Other Governments	6,474,898	-	6,474,898
1260	Internal Balances	(82,516)	82,516	-
1290	Other Receivables	517,986	6,028	524,014
1410	Prepaid Items	270,682	-	270,682
1910	Long-term investments	199,712,822	-	199,712,822
	Capital Assets Not Subject to Depreciation and Amortization:			
1510	Land	44,531,536	-	44,531,536
1580	Construction in Progress	63,559,972	-	63,559,972
	Capital Assets Net Of Depreciation and Amortization:			
1520	Buildings and Improvements, Net	537,310,039	-	537,310,039
1530	Furniture and Equipment, Net	33,816,425	-	33,816,425
1550	Right-to-use assets, Net	261,727	-	261,727
1000	Total Assets	1,287,925,296	132,454	1,288,057,750
Deferred Outflows Of Resources				
	Deferred Charge for Refunding	1,345,106	-	1,345,106
	Deferred Outflows Related to TRS Pension	9,213,580	-	9,213,580
	Deferred Outflows Related to TRS OPEB	13,210,498	-	13,210,498
1700	Total Deferred Outflows of Resources	23,769,184	-	23,769,184
Liabilities				
2110	Accounts Payable	23,594,049	5,235	23,599,284
2140	Interest Payable	2,081,565	-	2,081,565
2160	Accrued Wages Payable	7,048,792	829	7,049,621
2180	Due to Other Governments	22,358	-	22,358
2190	Due To Student Groups	481	-	481
2300	Unearned Revenue	33,982	-	33,982
	Noncurrent Liabilities:			
2501	Due Within One Year	9,888,113	-	9,888,113
2502	Due in More Than One Year	1,157,228,751	-	1,157,228,751
2540	Net Pension Liability	33,080,278	-	33,080,278
2545	Net Other Post-Employment Benefits (OPEB) Liabilities	21,461,212	-	21,461,212
2000	Total Liabilities	1,254,439,581	6,064	1,254,445,645
Deferred Inflows Of Resources				
	Deferred Inflows - Pension	502,124	-	502,124
	Deferred Inflows - OPEB	17,772,951	-	17,772,951
2600	Total Deferred Inflows of Resources	18,275,075	-	18,275,075
Net Position				
3200	Net Investment in Capital Assets	10,627,627	-	10,627,627
	Restricted For:			
3820	Federal and State Programs	2,916,010	-	2,916,010
3850	Debt Service	43,419,505	-	43,419,505
3900	Unrestricted	(17,983,318)	126,390	(17,856,928)
3000	Total Net Position	\$ 38,979,824	\$ 126,390	\$ 39,106,214

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2025

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions
			Charges for Services	Operating Grants and Contributions	
Primary Government					
Governmental Activities:					
11	Instruction	\$ 73,727,377	\$ 86,347	\$ 2,896,317	\$ -
12	Instructional resources and media services	960,809	-	10,741	-
13	Curriculum and staff development	4,317,039	-	1,749,349	-
21	Instructional leadership	1,773,443	-	118,717	-
23	School leadership	6,507,395	-	250,551	-
31	Guidance, counseling, and evaluation services	5,903,877	-	1,386,712	-
32	Social work services	65,305	-	-	-
33	Health services	1,158,065	-	302,205	-
34	Student transportation	7,057,963	-	53,612	-
35	Food service	5,611,752	1,041,548	5,140,885	-
36	Extracurricular activities	4,017,969	1,589,510	21,242	-
41	General administration	4,966,659	-	52,483	-
51	Facilities maintenance and operations	13,086,953	213,099	262,156	-
52	Security and monitoring services	1,884,903	-	56,920	-
53	Data processing services	2,890,900	-	16,406	-
61	Community services	117,584	-	126,589	-
72	Interest on long-term debt	33,283,224	-	3,205,777	-
81	Facilities Acquisition and Construction	1,967,199	-	-	2,345,714
93	Payments related to shared services arrangements	111,333	-	-	-
95	Payments to Juvenile Justice Alternative Education Programs	56,769	-	-	-
99	Payments to Appraisal District	830,555	-	-	-
TG	Total Governmental Activities	170,297,073	2,930,504	15,650,662	2,345,714
Business-Type Activities					
01	Vending	58,622	67,552	-	-
02	Technology Insurance	166,633	191,344	-	-
03	Extended Day Program	20,905	53,450	-	-
TB	Total Business-Type Activities	246,160	312,346	-	-
TP	Total Primary Government	\$ 170,543,233	\$ 3,242,850	\$ 15,650,662	\$ 2,345,714

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2025

Exhibit B-1
Page 2 of 2

		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
Data Control Codes	Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary Government				
Governmental Activities:				
11	Instruction	\$ (70,744,713)	\$ -	\$ (70,744,713)
12	Instructional resources and media services	(950,068)	-	(950,068)
13	Curriculum and staff development	(2,567,690)	-	(2,567,690)
21	Instructional leadership	(1,654,726)	-	(1,654,726)
23	School leadership	(6,256,844)	-	(6,256,844)
31	Guidance, counseling, and evaluation services	(4,517,165)	-	(4,517,165)
32	Social work services	(65,305)	-	(65,305)
33	Health services	(855,860)	-	(855,860)
34	Student transportation	(7,004,351)	-	(7,004,351)
35	Food service	570,681	-	570,681
36	Extracurricular activities	(2,407,217)	-	(2,407,217)
41	General administration	(4,914,176)	-	(4,914,176)
51	Facilities maintenance and operations	(12,611,698)	-	(12,611,698)
52	Security and monitoring services	(1,827,983)	-	(1,827,983)
53	Data processing services	(2,874,494)	-	(2,874,494)
61	Community services	9,005	-	9,005
72	Interest on long-term debt	(30,077,447)	-	(30,077,447)
81	Facilities Acquisition and Construction	378,515	-	378,515
93	Payments related to shared services arrangements	(111,333)	-	(111,333)
95	Payments to Juvenile Justice Alternative Education Programs	(56,769)	-	(56,769)
99	Intergovernmental charges	(830,555)	-	(830,555)
TG	Total Governmental Activities	(149,370,193)	-	(149,370,193)
Business-Type Activities				
01	Vending	-	8,930	8,930
02	Technology Insurance	-	24,711	24,711
03	Advertising	-	32,545	32,545
TB	Total Business-Type Activities	-	66,186	66,186
TP	Total Primary Government	(149,370,193)	66,186	(149,304,007)
General Revenues and Transfers				
Taxes:				
MT	Property Taxes, Levied for General Purposes	53,338,940	-	53,338,940
DT	Property Taxes, Levied for Debt Service	35,103,873	-	35,103,873
SF	State Aid - Formula Grants	43,928,535	-	43,928,535
IE	Investment Earnings	11,274,684	-	11,274,684
MI	Miscellaneous	747,525	-	747,525
FR	Transfers	(31,765)	31,765	-
TR	Total General Revenues and Transfers	144,361,792	31,765	144,393,557
CN	Change in net position	(5,008,401)	97,951	(4,910,450)
NB	Net Position - Beginning of Year as Previously Reported	43,974,842	28,439	44,003,281
PA	Restatements (see Note 11)	13,383	-	13,383
	Restated Net Position Beginning of Year	43,988,225	28,439	44,016,664
NE	Net Position - Ending	\$ 38,979,824	\$ 126,390	\$ 39,106,214

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2025

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets:				
1110	Cash and Cash Equivalents	\$ 5,969,878	\$ 41,031,160	\$ 153,558,983
1120	Current Investments	-	2,395,194	189,029,355
Receivables:				
1220	Delinquent Property Taxes Receivables	3,871,920	2,179,140	-
1230	Allowance for Uncollectible Taxes (Credit)	(64,305)	(38,579)	-
1240	Receivables from Other Governments	4,265,934	-	-
1260	Due from Other Funds	26,788,084	-	354,788
1290	Other Receivables	93,507	-	297
1410	Prepaid Items	242,100	-	3,268
1910	Long Term Investments	-	-	199,712,822
1000	Total Assets	\$ 41,167,118	\$ 45,566,915	\$ 542,659,513
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
2110	Accounts Payable	\$ 767,265	\$ 65,845	\$ 22,014,458
2160	Accrued Wages Payable	6,714,046	-	5,522
2170	Due to Other Funds	-	-	25,449,344
2180	Payable to Other Governments	22,358	-	-
2190	Due To Student Groups	481	-	-
2300	Unearned Revenues	32,405	-	-
2000	Total Liabilities	7,536,555	65,845	47,469,324
Deferred Inflows of Resources				
	Deferred Inflows - Property Taxes	3,807,615	2,140,561	-
2600	Total Deferred Inflows of Resources	3,807,615	2,140,561	-
Fund Balances:				
Non-Spendable:				
3430	Prepaid Items	242,345	-	3,268
Restricted:				
3450	Federal/State Funds Grant Restrictions	-	-	-
3470	Capital Acquisitions And Contractual Obligations	-	-	495,186,921
3480	Debt Service	-	43,360,509	-
Committed:				
3545	Campus activities	-	-	-
3600	Unassigned	29,580,603	-	-
3000	Total Fund Balances	29,822,948	43,360,509	495,190,189
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,167,118	\$ 45,566,915	\$ 542,659,513

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2025

Exhibit C-1
Page 2 of 2

<u>Data Control Codes</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
1110	Cash and Cash Equivalents	\$ 3,618,979	\$ 204,179,000
1120	Current Investments	-	191,424,549
	Receivables:		
1220	Delinquent Property Taxes Receivables	-	6,051,060
1230	Allowance for Uncollectible Taxes (Credit)	-	(102,884)
1240	Receivables from Other Governments	2,208,964	6,474,898
1260	Due from Other Funds	10,933	27,153,805
1290	Other Receivables	424,182	517,986
1410	Prepaid Items	25,314	270,682
1900	Long Term Investments	-	199,712,822
1000	Total Assets	<u>\$ 6,288,372</u>	<u>\$ 635,681,918</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
2110	Accounts Payable	\$ 746,481	\$ 23,594,049
2160	Accrued Wages Payable	329,224	7,048,792
2170	Due to Other Funds	1,786,977	27,236,321
2180	Payable to Other Governments	-	22,358
2190	Due To Student Groups	-	481
2300	Unearned Revenues	1,577	33,982
2000	Total Liabilities	<u>2,864,259</u>	<u>57,935,983</u>
Deferred Inflows of Resources			
	Deferred Inflows - Property Taxes	-	5,948,176
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>5,948,176</u>
Fund Balances:			
Non-Spendable:			
3430	Prepaid Items	25,314	270,927
Restricted:			
3450	Federal/State Funds Grant Restrictions	2,916,010	2,916,010
3470	Capital Acquisitions And Contractual Obligations	-	495,186,921
3480	Debt Service	-	43,360,509
Committed:			
3545	Campus activities	495,652	495,652
3600	Unassigned	(12,863)	29,567,740
3000	Total Fund Balances	<u>3,424,113</u>	<u>571,797,759</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,288,372</u>	<u>\$ 635,681,918</u>



WALLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
August 31, 2025

Exhibit C-1R

<u>Data Control Codes</u>		
	Total Fund Balance, Governmental Funds	\$ 571,797,759
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable.	679,479,699
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	5,948,176
3	Deferred charge on refunding	1,345,106
4	Deferred outflows relating to pension activities	9,213,580
5	Deferred outflows relating to other-post employment benefit	13,210,498
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(1,094,615,000)
7	Premiums on issuance	(70,763,690)
8	Leases payable	(8,677)
9	Net pension liability	(33,080,278)
10	Net other-post employment benefit liability	(21,461,212)
11	Accrued interest payable	(2,081,565)
12	Arbitrage Payable	(1,729,497)
13	Deferred inflows relating to pension activities	(502,124)
14	Deferred inflows relating to other-post employment benefit	<u>(17,772,951)</u>
29	Net Position of Governmental Activities	<u>\$ 38,979,824</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit C-2
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local and Intermediate Sources	\$ 56,959,699	\$ 36,462,286	\$ 8,020,186
5800	State Program Revenues	49,955,991	3,205,777	-
5900	Federal Program Revenues	1,132,041	-	1,103,205
5020	Total Revenues	108,047,731	39,668,063	9,123,391
Expenditures				
Current:				
0011	Instruction	63,443,813	-	56,277
0012	Instruction Resources and Media Services	760,130	-	-
0013	Curriculum and Staff Development	2,437,006	-	-
0021	Instructional Leadership	1,481,823	-	-
0023	School Leadership	5,578,955	-	-
0031	Guidance, Counseling and Evaluation Services	4,133,571	-	-
0032	Social Work Services	55,680	-	-
0033	Health Services	1,007,671	-	-
0034	Student Transportation	6,228,619	-	3,112,929
0035	Food Services	-	-	-
0036	Extracurricular Activities	2,375,335	-	-
0041	General Administration	4,326,008	-	-
0051	Facilities Maintenance and Operations	10,968,700	-	618,883
0052	Security and Monitoring Services	1,573,744	-	1,219,568
0053	Data Processing Services	2,497,526	-	-
0061	Community Services	3,862	-	-
Debt Service:				
0071	Principal on Long-Term Debt	24,934	7,745,000	-
0072	Interest on Long-Term Debt	1,642	30,175,079	-
0073	Bond Issuance Costs and Fees	-	13,008	2,976,723
Capital Outlay:				
0081	Facilities Acquisition and Construction	71,166	-	145,272,776
Intergovernmental:				
0093	Payments Related To Shared Services Arrangements	111,333	-	-
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	56,769	-	-
0099	Other Intergovernmental Charges	830,555	-	-
6030	Total Expenditures	107,968,842	37,933,087	153,257,156
1100	Excess (Deficiency) of Revenues Over Expenditures	78,889	1,734,976	(144,133,765)
Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	-	-	399,220,000
7912	Sale of Real or Personal Property	2,306,213	-	-
7915	Transfers In	-	15,006,822	-
7916	Premiums on Bond Issuance	-	-	18,763,546
7949	Insurance Recoveries	150,000	-	-
8911	Transfers Out	(35,745)	-	(15,006,822)
8949	Property Tax Refunds	(450,735)	(115,727)	-
7080	Total Other Financing Sources (Uses)	1,969,733	14,891,095	402,976,724
1200	Net Change In Fund Balances	2,048,622	16,626,071	258,842,959
0100	Fund Balance - September 1 (Beginning)	27,774,326	26,734,438	236,347,230
3000	Fund Balance - August 31 (Ending)	\$ 29,822,948	\$ 43,360,509	\$ 495,190,189

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

<u>Data Control Codes</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
5700	Local and Intermediate Sources	\$ 2,641,037	\$ 104,083,208
5800	State Program Revenues	1,885,685	55,047,453
5900	Federal Program Revenues	9,076,530	11,311,776
5020	Total Revenues	<u>13,603,252</u>	<u>170,442,437</u>
Expenditures			
Current:			
0011	Instruction	1,686,264	65,186,354
0012	Instruction Resources and Media Services	94,391	854,521
0013	Curriculum and Staff Development	1,662,283	4,099,289
0021	Instructional Leadership	93,775	1,575,598
0023	School Leadership	164,900	5,743,855
0031	Guidance, Counseling and Evaluation Services	1,287,564	5,421,135
0032	Social Work Services	-	55,680
0033	Health Services	9,872	1,017,543
0034	Student Transportation	823	9,342,371
0035	Food Services	6,042,001	6,042,001
0036	Extracurricular Activities	1,319,140	3,694,475
0041	General Administration	7,308	4,333,316
0051	Facilities Maintenance and Operations	232,013	11,819,596
0052	Security and Monitoring Services	51,570	2,844,882
0053	Data Processing Services	-	2,497,526
0061	Community Services	122,533	126,395
Debt Service:			
0071	Principal on Long-Term Debt	-	7,769,934
0072	Interest on Long-Term Debt	-	30,176,721
0073	Bond Issuance Costs and Fees	-	2,989,731
Capital Outlay:			
0081	Facilities Acquisition and Construction	1,230,427	146,574,369
Intergovernmental:			
0093	Payments Related To Shared Services Arrangements	-	111,333
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	-	56,769
0099	Other Intergovernmental Charges	-	830,555
6030	Total Expenditures	<u>14,004,864</u>	<u>313,163,949</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>(401,612)</u>	<u>(142,721,512)</u>
Other Financing Sources (Uses):			
7911	Capital-Related Debt Issued (Regular Bonds)	-	399,220,000
7912	Sale Of Real Or Personal Property	11,454	2,317,667
7915	Transfers In	3,980	15,010,802
7916	Premiums on Bond Issuance	-	18,763,546
7949	Proceeds From Leases	-	150,000
8911	Transfers Out	-	(15,042,567)
8949	Property Tax Refunds	-	(566,462)
7080	Total Other Financing Sources (Uses)	<u>15,434</u>	<u>419,852,986</u>
1200	Net Change In Fund Balances	(386,178)	277,131,474
0100	Fund Balance - September 1 (Beginning)	<u>3,810,291</u>	<u>294,666,285</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,424,113</u>	<u>\$ 571,797,759</u>

WALLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2025

Exhibit C-2R

<u>Data Control Codes</u>		
	Net Change in Fund Balances - Total Governmental Funds	\$ 277,131,474
	Amounts reported for governmental activities in the statement of activities (B-1) are different	
	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 as depreciation and amortization expense.	
1	Capitalized expenditures reclassified to assets.	149,938,400
2	Depreciation and amortization expense taken to Statement of Activities.	(18,147,067)
3	Net effect of capital assets retirements	(2,756,740)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(267,471)
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond, leases, and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. 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.	
5	Proceeds from issuance of bonds	(399,220,000)
6	Principal paid on bonds and leases	7,769,934
7	Premium issued on bonds	(18,763,546)
	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:	
8	Increase in interest payable not recognized in the fund statements	(813,396)
9	Arbitrage payable due in less than one year but not recorded in the governmental funds	(1,729,497)
10	Amortization of premium/discount	2,609,819
11	Amortization of deferred charge on refunding	(183,698)
12	Changes in net pension liabilities and related deferred outflows and inflows of resources	(2,438,986)
13	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	<u>1,862,373</u>
	Change in Net Position of Governmental Activities	<u>\$ (5,008,401)</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2025

Exhibit D-1

	<u>Business-type Activities</u>
	<u>Total Enterprise Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 43,910
Receivables:	
Due from other funds	94,426
Other receivables	6,028
Total Assets	<u>\$ 144,364</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 5,235
Due to other funds	11,910
Accrued wages payable	829
Total Liabilities	<u>\$ 17,974</u>
Net Position	
Unrestricted	\$ 126,390
Total Net Position	<u>\$ 126,390</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended August 31, 2025

Exhibit D-2

	Business-Type Activities
	Total Enterprise Funds
Operating Revenues	
Local and Intermediate Sources	\$ 312,346
Total Operating Revenues	<u>312,346</u>
Operating Expenses	
Payroll Costs	30,919
Supplies and Materials	214,772
Other Operating Costs	469
Total Operating Expenses	<u>246,160</u>
Operating Income (Loss)	<u>66,186</u>
Income (loss) before transfers	<u>66,186</u>
Transfers	
Transfers in	<u>31,765</u>
Change in Net Position	97,951
Net Position - September 1 (Beginning)	<u>28,439</u>
Net Position - August 31 (Ending)	<u><u>\$ 126,390</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2025

Exhibit D-3

	Business-Type Activities
	Total Enterprise Funds
Cash Flows from Operating Activities	
Receipts from customers	\$ 215,266
Payments to suppliers and service providers	(233,492)
Payments to employees for salaries and benefits	(33,077)
Net Cash Provided by (Used for) Operating Activities	(51,303)
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	31,765
Net Cash Provided by (Used for) Operating Activities	31,765
Net increase (decrease) in Cash and Cash Equivalents	(19,538)
Cash and Cash Equivalents at Beginning of Year	63,448
Cash and Cash Equivalents at End of Year	\$ 43,910
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 66,186
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(2,654)
(Increase) decrease in due from other funds	(94,426)
(Increase) decrease in prepaid items	60
(Decrease) increase in accounts payable	(10,634)
(Decrease) increase in accrued wages payable	(2,158)
(Decrease) increase in interfund payables	(7,677)
Total Adjustments	(117,489)
Net Cash Provided by (Used for) Operating Activities	\$ (51,303)

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2025

Exhibit E-1

	<u>Custodial Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 292,685
Other receivables	<u>481</u>
Total Assets	<u>\$ 293,166</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 651
Total Liabilities	<u>\$ 651</u>
Net Position	
Restricted for student activities	\$ 292,515
Total Net Position	<u>\$ 292,515</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2025

Exhibit E-2

	<u>Custodial Fund</u>
Additions	
Revenues from student activities	<u>\$ 243,138</u>
Total Additions	<u>243,138</u>
Deductions	
Payments for student activities	<u>196,061</u>
Total Deductions	<u>196,061</u>
Change in net position	47,077
Net Position - Beginning	<u>245,438</u>
Net Position - Ending	<u><u>\$ 292,515</u></u>



Note 1 - Summary of Significant Accounting Policies

The Waller Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards 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 following is a summary of the most significant accounting policies.

A. Reporting Entity

The District's Board has responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgement for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Government-Wide and Fund Financial Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until 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 unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District reports the following major governmental funds:

- *General Fund* - The District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Debt Service Fund* - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- *Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Additionally, the District reports the following fund types:

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

- *Custodial Fund* - The District accounts for resources held for others in a custodial fund. This fund uses the economic resources measurement focus and accrual basis. The District's Custodial Fund is the Student Activity Fund.

D. Implementation of New Accounting Standards

The following GASB pronouncements were applicable and effective during fiscal year 2025.

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. See Note 11 for more information.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not have a material impact on the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Deposits and Investments

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents. For cash management purposes, the District transfers balances to either a money market mutual or an externally pooled investment account. The cash is transferred back to the District as needed.

Investments consist primarily of U.S. government agency securities, commercial paper, and municipal bonds. The District's investments are carried at fair value based on quoted market prices at year end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

F. Receivables and Payables

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

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

G. Inventories and Prepaid Items

Inventories consisting of supplies and materials are stated at cost (average cost method) and they include consumable custodial, maintenance, transportation, instructional and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities inventory are recorded at fair market value supplied by the Texas Department of Agriculture on the date received. Commodity inventory items are recorded as expenditures when distributed to individual campuses and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method of accounting.

Note 1 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and right-to-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Land and construction in progress are not depreciated. Buildings, furniture and equipment, and right-to-use assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Buildings and improvements	20 - 40
Vehicles	10
Office Equipment	5 - 25
Computer Equipment	5 - 25
Right-to-use lease assets	Lease term
Right-to-use SBITA assets	Subscription term

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount.

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

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred outflows of resources for refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows of resources for pension* - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred outflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of net OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.
- *Deferred inflows of resources for pension* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

- *Deferred inflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions, 2) differences between expected and actual actuarial experiences, and 3) changes in the District's proportional share of net OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

K. Pension

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

L. Other Post-Employment Benefits (OPEB)

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

M. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not (MLTN) to be used as time off or settled during or upon separation from employment. The District's assumption for leave usage flow is Last In, First Out (LIFO), meaning that the District assumes employees used the most recent hours accrued as the first to be used for time off. Based on those criteria, no current leave types qualify for liability recognition for compensated absences.

Eligible employees in positions normally requiring 261 days of service annually shall receive paid vacation days in accordance with administrative regulations that address the following:

- Eligibility criteria;
- Accrual rates and availability;
- Request and approval processes;
- Accumulation and carryover limits; and
- Treatment of vacation days upon separation from service.

Vacation days will not carry over each work anniversary and are not paid upon separation from the District.

State law entitles all employees to five days of paid personal leave per year. State personal leave is available for use at the beginning of the school year. A day of earned personal leave is equivalent to the number of hours in an employee's usual assigned workday, whether full-time or part-time. There is no limit on the accumulation of state personal leave, and it can be transferred to other Texas school districts and is generally transferable to education service centers.

Note 1 - Summary of Significant Accounting Policies (continued)

M. Compensated Absences (continued)

State sick leave accumulated before 1995 is available for use and may be transferred to other school districts in Texas. State leave is not paid upon separation from the District.

N. Fund Balance Classifications

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. Fund balance committed in the nonmajor governmental funds during the fiscal year is committed for campus activities.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District uses the restricted assets first whenever they will have to be returned if they are not used.

O. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

P. Use of Estimates

The presentation 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an appropriated budget for the General Fund, Debt Service Fund, and the Food Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds and then compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in the Required Supplementary Information and the Debt Service Fund and the Food Service Fund Budget reports are presented in Exhibits J-3 and J-2, respectively.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The appropriated budgets are prepared by fund and function. Once the budgets have been approved, they can only be amended at the fund and function level by approval of a majority of the members of the Board. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Within each fund-level budget, campus and district leaders are assigned expenditure budgets which they plan and control at the function/object level. All budget appropriations lapse at year end. Increasing or decreasing any one of the functional spending categories, or revenue object accounts and other resources require the approval of the Board. The District made several supplemental budgetary revisions throughout the year, primarily in the general fund.

R. Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District 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.

Note 1 - Summary of Significant Accounting Policies (continued)

R. Leases (continued)

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District 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 District is reasonably certain to exercise.

The District 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.

S. Subscription-Based Information Technology Arrangements

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

T. Arbitrage Payable

The *Federal Tax Reform Act of 1986* requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires that rebatable arbitrage be calculated for tax purposes every fifth year that a debt issue is outstanding and at maturity. In the District's government-wide statements, a liability must be recognized as soon as rebatable arbitrage occurs. However, in the fund financial statements, consistent with the modified accrual basis of accounting, no liability is recognized until due and payable. The District estimates and updates its liability annually for all tax-exempt issuances.

Note 2 - Deposits and Investments

A. Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. The District's cash deposits at August 31, 2025 were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

B. Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Waller Independent School District is in substantial compliance with the requirements of the Act and with local policies. Additional policies and contractual provisions governing investments for Waller Independent School District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2025, the District's investments were rated AAA.

Note 2 - Deposits and Investments (continued)

B. Investments (continued)

District Policies and Legal and Contractual Provisions Governing Investments (continued)

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

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

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.

As of August 31, 2025, the District's cash and investment carrying value balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Governmental Activities			
Money market	\$ 92,438	N/A	N/A
Local Government Investment Pools:			
Texas CLASS	1,063,653	44	AAAm
Lone Star Corporate Overnight Plus Fund	5,359,672	52	AAAm
Lone Star Government Overnight Fund	3,214,824	26	AAAm
Texas Connect	<u>199,906,656</u>	61	AAAm
Total Local Government Investment Pool	<u>209,544,805</u>		
Certificate of Deposit	2,395,194	229	N/A
Investment Securities:			
Commercial Paper	166,568,964	224	A-1 to A-1+
Federal Home Loan Bank (FHLB)	1,136,583	368	AA+
Federal Farm Credit Bank (FFCB)	1,229,071	1063	AA+
US Treasuries	<u>219,721,369</u>	1181	AA+
Total Investment Securities	<u>388,655,987</u>		
Total Investments	<u>600,595,986</u>	519	
Business-type Activities:			
Cash and deposits	<u>43,910</u>	N/A	N/A
Total Business-type Activities	<u>43,910</u>		
Fiduciary Funds			
Cash and deposits	<u>292,685</u>	N/A	N/A
Total Fiduciary Funds	<u>292,685</u>		
Total Cash, Cash Equivalents, and Investments	<u>\$ 601,025,019</u>		

Note 2 - Deposits and Investments (continued)

District Policies and Legal and Contractual Provisions Governing Investments (continued)

The total carrying value of investments as of year-end is \$600,595,986. During the fiscal year, approximately \$5.3 million was initially advanced from the General Fund to the Capital Projects Fund to support capital-related expenditures. After considering this advance, the net investment position is \$595,314,477. The transfer of funds to reimburse the General Fund is scheduled to occur in the subsequent fiscal year.

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

Investments' fair value measurement are as follows at August 31, 2025:

Investments:	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Commercial Paper	\$ 166,568,964	\$ -	\$ 166,568,964	\$ -
Federal Home Loan Bank (FHLB)	1,136,583	1,136,583	-	-
Federal Farm Credit Bank (FFCB)	1,229,071	1,229,071	-	-
US Treasuries	219,721,369	-	219,721,369	-
Total Investments	\$ 388,655,987	\$ 2,365,654	\$ 386,290,333	\$ -

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2025 are included in cash and cash equivalents. Investment securities classified as Level 1 are valued using prices quoted in active markets for those securities. Investments securities classified in Level 2 are valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

As of August 31, 2025, the District held the following investments:

Investments:	Fair Value	Investment Maturity in Years		
		Less than 1 Year	1-3 Years	3-6 Years
Certificate of Deposit	\$ 2,395,194	\$ 2,395,194	\$ -	\$ -
Commercial Paper	166,568,964	166,568,964	-	-
Federal Home Loan Bank (FHLB)	1,136,583	410,575	726,008	-
Federal Farm Credit Bank (FFCB)	1,229,071	-	406,624	822,447
US Treasuries	219,721,369	21,963,626	192,051,610	5,706,133
Total Investments	\$ 391,051,181	\$ 191,338,359	\$ 193,184,242	\$ 6,528,580

Note 3 - Receivables and Unearned Revenues

Receivables as of August 31, 2025, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Property Taxes	\$ 3,871,920	\$ 2,179,140	\$ -	\$ -	\$ -	\$ 6,051,060
Due from other governments	4,265,934	-	-	2,208,964	-	6,474,898
Other Receivables	93,507	-	297	424,182	6,028	524,014
Gross receivables	8,231,361	2,179,140	297	2,633,146	6,028	13,049,972
Less: Allowance for doubtful accounts	(64,305)	(38,579)	-	-	-	(102,884)
Net Total Receivables	\$ 8,167,056	\$ 2,140,561	\$ 297	\$ 2,633,146	\$ 6,028	\$ 12,947,088

Unearned revenue at year end consisted of the following:

	<u>Refund</u>	<u>Campus Activity</u>	<u>Total</u>
General Fund	\$ 32,405	\$ -	\$ 32,405
Nonmajor Governmental Funds	-	1,577	1,577
Total Unearned Revenues	\$ 32,405	\$ 1,577	\$ 33,982

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds. The amount due from nonmajor governmental funds, the capital projects fund, and nonmajor enterprise fund to the general fund relates to payables at year-end.

As of August 31, 2025, the District's interfund balances were as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
Capital Projects Fund	\$ 25,449,344	\$ -	\$ -	\$ -	\$ 25,449,344
Nonmajor Governmental Funds	1,326,830	354,788	10,933	94,426	1,786,977
Nonmajor Enterprise Funds	11,910	-	-	-	11,910
Total	\$ 26,788,084	\$ 354,788	\$ 10,933	\$ 94,426	\$ 27,248,231

Note 4 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers are defined as “flows of assets without equivalent flows of assets in return and without a requirement for a payment.” Interfund transfers during the year ended August 31, 2025 were as follows:

Transfers From	Transfers To Campus Activity Fund	Debt Service Fund	Nonmajor Enterprise Funds	Totals
General Fund	\$ 3,980	\$ -	\$ 31,765	\$ 35,745
Capital Projects Fund	-	15,006,822	-	-
Total	\$ 3,980	\$ 15,006,822	\$ 31,765	\$ 35,745

The transfer from the capital projects fund to the debt service fund represents amounts related to capitalized interest from the issuance of unlimited tax school building bonds during the fiscal year. These funds will be accounted for and expended within the District’s debt service fund. The transfer from the general fund to the campus activity fund supports an elementary school activity account. Additionally, the transfer from the general fund to nonmajor enterprise funds is intended to cover operating deficits.

Note 5 - Capital Assets

Capital asset activity for the governmental activities of the District for the year ended August 31, 2025, are as follows:

	September 01, 2024	Additions	(Transfers, Adjustments, and Retirements)	August 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 23,434,828	\$ 21,255,014	\$ (158,306)	\$ 44,531,536
Construction in progress	66,711,788	56,512,811	(59,664,627)	63,559,972
Total Capital Assets, Not Being Depreciated/Amortized	90,146,616	77,767,825	(59,822,933)	108,091,508
Capital Assets, Being Depreciated/Amortized:				
Buildings & Improvements	505,667,511	56,159,125	57,923,162	619,749,798
Furniture & Equipment	23,157,593	12,070,566	(480,127)	34,748,032
Vehicles	14,444,877	3,940,880	(3,791,170)	14,594,587
Right-to-use lease equipment	103,721	-	-	103,721
Right-to-use SBITA	346,722	-	-	346,722
Total Capital Assets, Being Depreciated/Amortized	543,720,424	72,170,571	53,651,865	669,542,860
Less Accumulated Depreciation/Amortization for:				
Buildings & Improvements	(70,645,853)	(13,408,559)	1,614,653	(82,439,759)
Furniture & Equipment	(5,055,766)	(3,000,453)	242,635	(7,813,584)
Vehicles	(7,643,875)	(1,625,779)	1,557,044	(7,712,610)
Right-to-use lease equipment	(73,518)	(22,674)	-	(96,192)
Right-to-use SBITA	(2,922)	(89,602)	-	(92,524)
Total Accumulated Depreciation/Amortization	(83,421,934)	(18,147,067)	3,414,332	(98,154,669)
Governmental Capital Assets	\$ 550,445,106	\$ 131,791,329	\$ (2,756,736)	\$ 679,479,699
Capital Assets, Net of Depreciation and Amortization			\$ 679,479,699	
Less:				
General obligation bonds			(1,094,615,000)	
Premiums			(70,763,690)	
Leases			(8,677)	
Capital-related payables			(47,469,324)	
Plus:				
Deferred charge on refunding			1,345,106	
Unspent bond proceeds			542,659,513	
Net Investment in Capital Assets Per exhibit A-1			\$ 10,627,627	

Note 5 - Capital Assets (continued)

Depreciation and amortization expense of the governmental activities was charged to the functions/programs as follows:

<u>Function</u>	<u>Depreciation and Amortization Expense</u>
Governmental Activities:	
Instruction	\$ 10,810,307
Instructional resources and media services	128,274
Curriculum and staff development	411,216
Instructional leadership	250,061
School leadership	941,401
Guidance, counseling and evaluation services	697,527
Social work services	9,396
Health services	170,047
Student transportation	1,051,095
Extracurricular activities	400,844
General administration	738,255
Facilities maintenance and operations	1,850,954
Security and monitoring services	265,573
Data processing services	421,464
Community services	653
Total Governmental Activities	<u><u>\$ 18,147,067</u></u>

Construction Commitments

The District has active construction projects as of August 31, 2025 including renovations and site improvements. All accumulated resources for capital projects are restricted. At August 31, 2025, estimated construction commitments with contractors were as follows:

<u>Project</u>	<u>Approved Construction Budget</u>	<u>Construction in Progress</u>	<u>Remaining Commitment</u>
Districtwide HVAC Improvements	\$ 10,000,000	\$ 5,848,715	\$ 4,151,285
Districtwide Priority 1 & Safety/Security Projects	56,406,232	29,421,456	26,984,776
Elementary #9	52,940,971	1,785,718	51,155,253
Fields Store ES Generator	381,379	110,455	270,924
Roberts Road ES Security Vestibule & Priority Projec	14,914,674	9,872,626	5,042,048
Stadium Improvements	1,574,317	1,363,912	210,405
Technology HVAC & Generator	174,048	166,170	7,878
Technology Priority & Safety/Security Projects	5,000,000	524,196	4,475,804
Waller JH Auxiliary Field	6,903,750	5,187,907	1,715,843
Warren Ranch High School	337,165,095	9,278,817	327,886,278
Total	<u><u>\$ 485,460,466</u></u>	<u><u>\$ 63,559,972</u></u>	<u><u>\$ 421,900,494</u></u>

Note 6 - Long-Term Liabilities

General Obligation Bonds

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in general long-term debt for the year ended August 31, 2025, is as follows:

Description	Original Issuance		Restated, Balance			Balance 8/31/25	Due in One Year
	Amount	Interest Rate (%)	9/1/24	Increase	Decrease		
Refunding Bonds, Series 2015	\$ 7,180,000	4%	\$ 2,715,000	\$ -	\$ (1,690,000.00)	\$ 1,025,000	\$ 1,025,000
Building and Refunding Bonds, Series 201	93,545,000	2.50% to 5.00%	80,635,000	-	(1,740,000)	78,895,000	1,820,000
Building Bonds, Series 2020	205,805,000	2.00% to 5.00%	198,230,000	-	(2,780,000)	195,450,000	2,895,000
Building Bonds, Series 2020A	67,810,000	2.00% to 5.00%	64,960,000	-	(1,535,000)	63,425,000	1,615,000
Building Bonds, Series 2023	169,200,000	4.00% to 5.00%	169,200,000	-	-	169,200,000	-
Building Bonds, Series 2023A	187,400,000	4.00% to 5.00%	187,400,000	-	-	187,400,000	2,525,000
Building Bonds, Series 2025	399,220,000	5.00%	-	399,220,000	-	399,220,000	-
Total			<u>703,140,000</u>	<u>399,220,000</u>	<u>(7,745,000)</u>	<u>1,094,615,000</u>	<u>9,880,000</u>
Other District Obligations:							
Premium on Bonds			54,609,963	18,763,546	(2,609,819)	70,763,690	-
Leases Payable			33,611	-	(24,934)	8,677	8,113
Arbitrage payable			-	1,729,497	-	1,729,497	-
Compensated Absences*			-	-	-	-	-
Total Other Obligations			<u>54,643,574</u>	<u>20,493,043</u>	<u>(2,634,753)</u>	<u>72,501,864</u>	<u>8,113</u>
Total long-term liabilities			<u>\$ 757,783,574</u>	<u>\$ 419,713,043</u>	<u>\$ (10,379,753)</u>	<u>\$ 1,167,116,864</u>	<u>\$ 9,888,113</u>

*See note 11 for restatement of beginning balance due to implementation of GASB 101

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2025. Debt service requirements for bonds are as follows:

Year Ending August 31,	Principal	Interest	Totals
2026	\$ 9,880,000	\$ 48,346,264	\$ 58,226,264
2027	15,360,000	48,428,662	63,788,662
2028	17,225,000	47,605,612	64,830,612
2029	19,950,000	46,677,512	66,627,512
2030	24,765,000	45,571,162	70,336,162
2031-2035	151,970,000	207,445,735	359,415,735
2036-2040	178,005,000	168,978,135	346,983,135
2041-2045	215,330,000	128,499,196	343,829,196
2046-2050	258,880,000	77,178,486	336,058,486
2051-2055	177,160,000	26,125,315	203,285,315
2056-2060	26,090,000	684,863	26,774,863
	<u>\$ 1,094,615,000</u>	<u>\$ 845,540,942</u>	<u>\$ 1,940,155,942</u>

During the current year, the District issued Unlimited Tax School Building Bonds, Series 2025 in the amount of \$399,220,000 with a bond premium of \$18,763,546. In addition, capitalized interest of \$15,006,822 was transferred to the debt service fund. Proceeds from the sale of the Bonds will be used for (1) the construction of a high school, a middle school, and a new elementary school, (2) the purchase of the necessary sites for school buildings, (3) safety and security upgrades for all instructional facilities, (4) the purchase of new school buses, and (5) the payment of the costs associated with the issuance of the Bonds. The bonds bear interest at 5.00% with maturities ranging from 2026 to 2056.

Note 6 - Long-Term Liabilities (continued)

Prior Year's Refunding of Long Term Debt

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. August 31, 2025, there are no defeased bonds outstanding.

Rebate

Tax exempt bonds will become arbitrage bonds (as described above) if certain arbitrage profits are not paid to the federal government as rebate under section 148(f) of the Code. The District's obligations to calculate and make rebate payments (if any) will continue as long as there are gross proceeds allocable to outstanding tax-exempt debt. The District has performed calculations required under section 148(f) of the Code and has determined that there is no liability due and payable as of August 31, 2025. However, a non-current liability, due within one year, of \$1,729,497 has been recorded. Unexpended Tax Exempt Debt Issuance Proceeds (Yield Restriction Requirements) - Section 148 of the Code also provides that in order for tax exempt debt not to be considered arbitrage debt (as described above), certain proceeds require yield restriction meaning that proceeds of such debt must be invested at a yield that is not materially higher than the yield on the debt issued. The yield restriction may be accomplished by making yield reduction payments pursuant to Treas. Reg. Section 1.148-5(c). The District is continuing to proceed with reasonable diligence to expend any remaining unexpended debt issuance proceeds on qualifying projects or to retire related debt issues still outstanding.

Note 7 – Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Nonmajor Enterprise Funds	Total
Property Taxes	\$ 54,066,773	\$ 35,209,973	\$ -	\$ -	\$ 89,276,746	\$ -	\$ 89,276,746
Tuition and Fees	86,347	-	-	-	86,347	53,450	139,797
Food Service Activity	-	-	-	1,059,670	1,059,670	67,552	1,127,222
Rent	213,099	-	-	-	213,099	-	213,099
Extracurricular Activities	191,608	-	-	-	191,608	-	191,608
Insurance	47,984	-	-	-	47,984	191,344	239,328
Investment Income	2,003,442	1,252,313	8,018,929	-	11,274,684	-	11,274,684
Campus Activity	8,500	-	-	1,397,202	1,405,702	-	1,405,702
Grants	-	-	-	184,165	184,165	-	184,165
Other	341,946	-	1,257	-	343,203	-	343,203
Total	\$ 56,959,699	\$ 36,462,286	\$ 8,020,186	\$ 2,641,037	\$ 104,083,208	\$ 312,346	\$ 104,395,554

Note 8 - Leases

The District is the lessee for copiers and postage machines. The District's incremental borrowing rate used to calculate the present value of the lease liability was 7.5% from the financial institution. The ending lease liability as of August 31, 2025, was \$8,677. The District is required to make monthly payments of approximately \$2,403 during fiscal year 2025. The copiers and postage machines have an estimated useful life of three to five years, with lease terms from July 30, 2020, to October 1, 2026.

Note 8 – Leases (continued)

The future principal and interest lease payments as of August 31, 2025, were as follows:

Year Ending	Principal	Interest	Totals
August 31			
2026	\$ 8,113	\$ 320	\$ 8,433
2027	564	4	568
	<u>\$ 8,677</u>	<u>\$ 324</u>	<u>\$ 9,001</u>

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets.

Note 9 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

Note 9 - Defined Benefit Pension Plan (continued)

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

Contributions

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

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

	Contribution Rates
	Fiscal Year
	September 1, 2024 to August 31, 2025
Active Employee	8.25%
Non-Employer Contributing Entity (State)	8.25%
District	8.25%

Note 9 - Defined Benefit Pension Plan (continued)

Contributions (continued)

Contributors to the plan include active members, employers and the State of Texas as the only non-employer contributing entity. The State is also the employer for senior colleges and universities, medical schools and other entities including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributors are were as follows:

	Current Fiscal Year
	Contributions
Employer (District)	\$ 3,379,688
Employee (Member)	6,687,849
Non-employer Contributing Entity	
On-behalf Contributions (State)	4,552,540

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

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

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

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

Note 9 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation, rolled forward to August 31, 2024, was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payment 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%. 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.

Note 9 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in TRS target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity ¹	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag ⁴			-0.70%
Expected Return	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2024 policy model.

³ Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

	Discount Rate		
	1% Decrease (6.00%)	Current (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 52,837,586	\$ 33,080,278	\$ 16,709,944

Note 9 - Defined Benefit Pension Plan (continued)

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

At August 31, 2025, the District reported a liability of \$33,080,278 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 33,080,278
State's proportionate share that is associated with the District	<u>43,066,728</u>
Total	<u><u>\$ 76,147,006</u></u>

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

At August 31, 2024, the District’s proportion of the collective net pension liability was 0.0542% which was an increase of 0.0012% from its proportion measured as of August 31, 2023.

All future statutorily required contributions will be made from the General Fund.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2025, the District recognized pension expense of \$5,820,117 and revenue of \$5,147,194 for support provided by the State.

Note 9 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Changes Since the Prior Actuarial Valuation (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,823,340	\$ (258,275)
Changes in assumptions	1,708,006	(228,985)
Net difference between projected and actual earnings on pension plan investments	201,084	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,101,462	(14,864)
District contributions subsequent to the measurement date of the net pension liability	3,379,688	-
Total	<u>\$ 9,213,580</u>	<u>\$ (502,124)</u>

The District recognized \$3,379,688 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	<u>Pension Expense Amount</u>
2026	\$ 886,859
2027	4,107,660
2028	803,931
2029	(645,905)
2030	179,223
	<u>\$ 5,331,768</u>

Note 10 - Defined Other Post-Employment Benefit Plans

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing, defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of salary. Section 1575.204 establishes a public school rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee’s pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u> <u>September 1, 2025</u> <u>to August 31, 2024</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
District, Excluding Federal/Private Funding	0.75%
Federal/private funding	1.25%
	 <u>Current Fiscal Year</u> <u>Contributions</u>
Employer (District)	\$ 687,184
Employee (Member)	526,383
Non-employer Contributing Entity	
On-behalf Contributions (State)	1,522,771

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.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death"
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 6.75% for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend was 7.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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

Discount Rate

A single discount rate of 3.87% was used to measure the Total OPEB Liability. This was a decrease of 0.26% in the discount rate since the previous year.

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

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the Net OPEB Liability	\$ 25,496,923	\$ 21,461,212	\$ 18,200,297

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

At August 31, 2025, the District reported a liability of \$21,461,212 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 21,461,212
State's proportionate share that is associated with District	26,890,607
Total	\$ 48,351,819

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

At August 31, 2024, the District's proportion of the collective Net OPEB Liability was 0.0707% which was an increase of 0.0021% from its proportion measured as of August 31, 2023.

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 17,476,971	\$ 21,461,212	\$ 26,653,075

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 (TOL) since the prior measurement period:

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs (continued)

Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2025, the District recognized negative OPEB expense of \$1,174,592. The District also recognized negative on-behalf expense and revenue of \$3,495,283 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,113,394	\$ (10,710,308)
Changes in actuarial assumptions	2,746,782	(7,002,545)
Net difference between projected and actual earnings on OPEB plan investments	-	(60,098)
Changes in proportion and differences between District contributions and proportionate share of contributions	5,663,138	-
District contributions subsequent to the measurement date of the net OPEB liability	687,184	-
Total	<u>\$ 13,210,498</u>	<u>\$ (17,772,951)</u>

The District recognized \$687,184 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31:	OPEB Expense Amount
2026	\$ (1,733,208)
2027	(761,200)
2028	(1,504,589)
2029	(1,307,272)
2030	(697,003)
Thereafter	753,635
	<u>\$ (5,249,637)</u>

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$565,539, \$393,412, and \$363,373, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 11 - Restatement of Beginning Balance

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In conjunction with this implementation, the District revised its methodology for compensated absences liabilities by adopting a Last-In, First-Out (LIFO) assumption to better reflect the actual usage patterns of employee leave absences. The effect of change in accounting principle is summarized below in the “Restatement – GASB 101 implementation” column.

	Net Position 8/31/2024 as Previously Reported	Restatement - GASB 101 Implementation	Net Position 8/31/2024 as Restated
Government-Wide			
Governmental activities	\$ 43,974,842	\$ 13,383	\$ 43,988,225



REQUIRED SUPPLEMENTARY INFORMATION

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended August 31, 2025

Exhibit G-1

Data Control Codes	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual		
Revenues					
5700	Local revenues	\$ 56,056,636	\$ 56,585,006	\$ 56,959,699	\$ 374,693
5800	State program revenues	46,577,630	48,507,886	49,955,991	1,448,105
5900	Federal program revenues	690,816	887,876	1,132,041	244,165
5000	Total Revenues	103,325,082	105,980,768	108,047,731	2,066,963
Expenditures					
Current:					
0011	Instruction	63,010,664	64,506,455	63,443,813	1,062,642
0012	Instructional resources and media services	760,881	759,917	760,130	(213)
0013	Curriculum and staff development	2,413,385	2,434,109	2,437,006	(2,897)
0021	Instructional leadership	1,621,423	1,712,196	1,481,823	230,373
0023	School leadership	5,628,604	5,678,493	5,578,955	99,538
0031	Guidance, counseling and evaluation services	4,462,025	4,303,332	4,133,571	169,761
0032	Social work services	87,356	87,356	55,680	31,676
0033	Health services	927,195	1,019,902	1,007,671	12,231
0034	Student transportation	7,073,209	7,179,178	6,228,619	950,559
0036	Extracurricular activities	2,254,487	2,339,223	2,375,335	(36,112)
0041	General administration	4,101,409	4,343,262	4,326,008	17,254
0051	Facilities maintenance and operations	12,254,580	12,393,956	10,968,700	1,425,256
0052	Security and monitoring services	1,593,375	1,593,670	1,573,744	19,926
0053	Data processing services	2,803,007	2,673,233	2,497,526	175,707
0061	Community services	1,364	4,313	3,862	451
Debt Service:					
0071	Principal on long-term debt	-	-	24,934	(24,934)
0072	Interest on long-term debt	-	-	1,642	(1,642)
Capital Outlay:					
0081	Capital Outlay	68,399	72,833	71,166	1,667
Intergovernmental:					
0093	Payments related to shared services arrangements	126,700	126,700	111,333	15,367
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	110,000	205,000	56,769	148,231
0099	Other governmental charges	1,033,196	1,033,196	830,555	202,641
6030	Total Expenditures	110,331,259	112,466,324	107,968,842	4,497,482
1100	Excess (deficiency) of revenues over expenditures	(7,006,177)	(6,485,556)	78,889	6,564,445
Other Financing Sources (Uses):					
7912	Sale of real or personal property	50,000	2,380,200	2,306,213	(73,987)
7949	Insurance Recoveries	-	150,000	150,000	-
8911	Transfers out	-	(35,745)	(35,745)	-
8949	Property Tax Refunds	(100,000)	(517,146)	(450,735)	66,411
7080	Total Other Financing Sources (Uses)	(50,000)	1,977,309	1,969,733	(7,576)
1200	Net change in fund balances	(7,056,177)	(4,508,247)	2,048,622	6,556,869
0100	Fund Balance - September 1 Beginning	27,774,326	27,774,326	27,774,326	-
3000	Fund Balance - August 31 Ending	\$ 20,718,149	\$ 23,266,079	\$ 29,822,948	\$ 6,556,869

During fiscal year 2025, expenditures exceeded appropriations in the following functions: instructional resources and media services (FN 0012), curriculum and staff development (FN 0013), and extracurricular activities (FN 0036) due to:

- Instructional resources and media services (FN 0012) - The payroll accrual for the newly hired librarian at the new elementary campus was not included in the approved budget.
- Curriculum and staff development (FN 0013) Instructional coaches were added to the General Fund for the 2025–26 budget; however, the related payroll accrual was not budgeted.
- Extracurricular activities (FN 0036) - The athletic department did not allocate sufficient funds for extra duty pay for employees and game officials associated with athletic events and facility rentals, and no budget amendment was submitted to address the shortfall.
- Debt service (FN 71 and FN 72) – Lease payments for copiers and postage machines were reclassified to principal and interest payments.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Ten Fiscal Years Ended August 31

Exhibit G-3

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 3,379,688	\$ 3,050,395	\$ 2,725,765	\$ 2,388,630	\$ 2,018,408
Contributions in relation to the contractually required contributions	<u>3,379,688</u>	<u>3,050,395</u>	<u>2,725,765</u>	<u>2,388,630</u>	<u>2,018,408</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 80,970,133	\$ 73,485,549	\$ 68,017,884	\$ 61,662,561	\$ 60,160,603
Contributions as a percentage of covered payroll	4.17%	4.15%	4.01%	3.87%	3.36%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,258,220	\$ 1,566,775	\$ 1,454,019	\$ 1,063,224	\$ 1,087,945
Contributions in relation to the contractually required contributions	<u>1,258,220</u>	<u>1,566,775</u>	<u>1,454,019</u>	<u>1,063,224</u>	<u>1,087,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 59,154,222	\$ 51,646,430	\$ 46,817,623	\$ 41,945,655	\$ 39,372,795
Contributions as a percentage of covered payroll	2.13%	3.03%	3.11%	2.53%	2.76%

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Measurement Years

Exhibit G-4

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net OPEB liability	0.0707%	0.0686%	0.0663%	0.0639%
District's proportionate share of the net OPEB liability	\$ 21,461,212	\$ 15,195,894	\$ 15,878,637	\$ 24,632,785
State's proportionate share of the net OPEB liability associated with the District	<u>26,890,607</u>	<u>18,336,182</u>	<u>19,369,443</u>	<u>33,002,442</u>
Total	<u>\$ 48,351,819</u>	<u>\$ 33,532,076</u>	<u>\$ 35,248,080</u>	<u>\$ 57,635,227</u>
District's covered payroll (for Measurement Year)	\$ 73,485,549	\$ 68,017,884	\$ 61,662,561	\$ 60,160,603
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.20%	22.34%	25.75%	40.95%
Plan fiduciary net position as a percentage of the total OPEB liability *	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll *	67.98%	51.86%	59.10%	100.13%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0638%	0.0599%	0.0566%	0.0499%
District's proportionate share of the net OPEB liability	\$ 24,255,083	\$ 28,347,753	\$ 28,278,913	\$ 21,700,169
State's proportionate share of the net OPEB liability associated with the District	<u>32,593,017</u>	<u>37,667,824</u>	<u>39,998,365</u>	<u>32,940,792</u>
Total	<u>\$ 56,848,100</u>	<u>\$ 66,015,577</u>	<u>\$ 68,277,278</u>	<u>\$ 54,640,961</u>
District's covered payroll (for Measurement Year)	\$ 59,159,804	\$ 59,159,804	\$ 59,154,222	\$ 41,945,655
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.00%	47.92%	47.81%	51.73%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2017.
Net OPEB Liability and related ratios will be presented prospectively as data becomes available

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Fiscal Years Ended August 31

Exhibit G-5

	2025	2024	2023	2022
Contractually required contributions	\$ 687,184	\$ 641,687	\$ 595,973	\$ 544,668
Contributions in relation to the contractually required contributions	687,184	641,687	595,973	544,668
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 80,970,133	\$ 73,485,549	\$ 68,017,884	\$ 61,662,561
Contributions as a percentage of covered payroll	0.85%	0.87%	0.88%	0.88%
	2021	2020	2019	2018
Contractually required contributions	\$ 498,871	\$ 443,703	\$ 424,896	\$ 391,237
Contributions in relation to the contractually required contributions	498,871	443,703	424,896	391,237
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 60,160,603	\$ 59,154,222	\$ 51,646,431	\$ 46,817,623
Contributions as a percentage of covered payroll	0.83%	0.75%	0.82%	0.84%

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2018.

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

A. Notes to Schedules for the TRS Pension

Changes of Assumptions

2024: None

2023: None.

2022: The discount rate changed from 7.25% to 7.00%.

2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions. The District recognized a corresponding increase in its share of net pension liability.

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (continued)

B. Notes to Schedules for the TRS OPEB Plan

Changes of Assumptions

2024: The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, the table used to model the impact of aging on the underlying claims were revised.

2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

ESEA: Elementary Secondary Education Act

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
206	Texas Education for Homeless Children and Youth - to ensure that all students experiencing homelessness in Texas have equal access to a quality education.
211	ESEA, Title I, Pt A - Improving Basic Ed. - program is used to account for funds to help LEAs improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.
224	IDEA B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.
225	IDEA B - Preschool - aids preschool students with disabilities.
240	Child Nutrition - fund used to account for food services in a special revenue fund when the service is subsidized with federal reimbursement revenues from the USDA.
242	Summer Feeding Program - code is used to account for funds received from the Texas Department of Agriculture for meals provided to the community based on the average number of daily participants.
244	Career and Technical Education - funds are used to account for funds granted to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.
255	ESEA, Title II, Part A - Supporting Effective Instruction - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	ESEA, Title III, Part A - BIL/ESL -helps to ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging State academic content and student academic achievement standards as all children are expected to meet.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
288	Summer School - to account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, for summer school programs for Limited English Proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning
289	Title IV Part A - refers to Student Support and Academic Enrichment and fund are used to provide all students access to a well-rounded education, improve academic outcomes by maintaining safe and healthy students, and improve the use of technology to advance student academic achievement.
410	State Instructional Materials Fund - provides funds to purchase instructional materials, technological equipment and technology-related services.
429	Safety and Security Grant - provides funding to public schools for additional safety and security equipment (campus hardening).
461	Campus Activity Funds - accounts for transactions related to a principal's activity fund that are not subject to recall by the District's Board of Trustees into the general fund.
481	Tri County Health Alliance - grant award for the purchase of clinic supplies and clinic equipment for all eight campus clinics.
499	Back to School - funds are used to account for funds donated or awarded by local sources for various organizations within the District.

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit H-1
Page 1 of 5

Data Control Codes	206 Texas Education for Homeless Children and Youth	211 ESEA, Title I, Pt A - Improving Basic Ed.	224 IDEA B - Formula	225 IDEA B - Preschool
Assets				
1110	\$ -	\$ -	\$ -	\$ -
1240	7,289	356,560	912,295	6,771
1260	-	-	-	-
1290	-	5	-	-
1410	-	3,692	6,465	-
1000 Total Assets	\$ 7,289	\$ 360,257	\$ 918,760	\$ 6,771
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	\$ 217	\$ 3,300	\$ 28,331	\$ 962
2160	-	1,292	116,023	-
2170	7,072	355,665	774,406	5,809
2300	-	-	-	-
2000 Total Liabilities	7,289	360,257	918,760	6,771
Fund Balances:				
Non-Spendable:				
3430	-	3,692	6,465	-
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	-	-
3600	-	(3,692)	(6,465)	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liabilities and Fund Balances	\$ 7,289	\$ 360,257	\$ 918,760	\$ 6,771

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit H-1
Page 2 of 5

Data Control Codes	240	242	244	255	
	Child Nutrition	Summer Feeding Program	Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction	
Assets					
1110	Cash and cash equivalents	\$ 2,853,291	\$ 52,928	\$ -	\$ -
1240	Receivables from other governments	350,510	-	25,993	52,023
1260	Due from other funds	-	-	-	-
1290	Other receivables	5	-	3	-
1410	Prepaid items	12,451	-	-	1,400
1000	Total Assets	<u>\$ 3,216,257</u>	<u>\$ 52,928</u>	<u>\$ 25,996</u>	<u>\$ 53,423</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 346,599	\$ -	\$ 163	\$ 470
2160	Accrued wages payable	181,388	-	-	-
2170	Due to other funds	190	-	25,833	52,953
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>528,177</u>	<u>-</u>	<u>25,996</u>	<u>53,423</u>
Fund Balances:					
Non-Spendable:					
3430	Prepaid items	12,451	-	-	1,400
Restricted:					
3450	Federal/State funds grant restrictions	2,675,629	52,928	-	-
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	-	-	-	(1,400)
3000	Total Fund Balances	<u>2,688,080</u>	<u>52,928</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,216,257</u>	<u>\$ 52,928</u>	<u>\$ 25,996</u>	<u>\$ 53,423</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit H-1
Page 3 of 5

		263	288	289	410
Data		ESEA, Title III, Pt			State
Control		A - BIL/ESL	Summer School	Title IV Part A	Instructional
Codes					Materials Fund
Assets:					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	114,691	-	26,589	-
1260	Due from other funds	-	-	-	7,093
1290	Other receivables	2	-	2	424,165
1410	Prepaid items	1,034	-	272	-
1000	Total Assets	<u>\$ 115,727</u>	<u>\$ -</u>	<u>\$ 26,863</u>	<u>\$ 431,258</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 359,085
2160	Accrued wages payable	24,881	-	4,427	-
2170	Due to other funds	90,846	-	22,436	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>115,727</u>	<u>-</u>	<u>26,863</u>	<u>359,085</u>
Fund Balances:					
Non-Spendable:					
3430	Prepaid items	1,034	-	272	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	72,173
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	(1,034)	-	(272)	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,173</u>
4000	Total Liabilities and Fund Balances	<u>\$ 115,727</u>	<u>\$ -</u>	<u>\$ 26,863</u>	<u>\$ 431,258</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2025

Exhibit H-1
Page 4 of 5

		429	461	481	499
Data Control Codes		<u>Safety & Security Grant</u>	<u>Campus Activity Funds</u>	<u>Tri County Health Alliance</u>	<u>Back to School</u>
Assets:					
1110	Cash and cash equivalents	\$ -	\$ 593,131	\$ 5,787	\$ 113,842
1240	Receivables from other governments	356,243	-	-	-
1260	Due from other funds	-	3,840	-	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 356,243</u>	<u>\$ 596,971</u>	<u>\$ 5,787</u>	<u>\$ 113,842</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 2,763	\$ 3,750	\$ 841
2160	Accrued wages payable	1,213	-	-	-
2170	Due to other funds	354,788	96,979	-	-
2300	Unearned revenues	-	1,577	-	-
2000	Total Liabilities	<u>356,001</u>	<u>101,319</u>	<u>3,750</u>	<u>841</u>
Fund Balances:					
Non-Spendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	242	-	2,037	113,001
Committed:					
3545	Campus activities	-	495,652	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>242</u>	<u>495,652</u>	<u>2,037</u>	<u>113,001</u>
4000	Total Liabilities and Fund Balances	<u>\$ 356,243</u>	<u>\$ 596,971</u>	<u>\$ 5,787</u>	<u>\$ 113,842</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2025

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
Assets:		
1110	Cash and cash equivalents	\$ 3,618,979
1240	Receivables from other governments	2,208,964
1260	Due from other funds	10,933
1290	Other receivables	424,182
1410	Prepaid items	<u>25,314</u>
1000	Total Assets	<u>\$ 6,288,372</u>
Liabilities and Fund Balances		
Liabilities:		
Current Liabilities:		
2110	Accounts payable	\$ 746,481
2160	Accrued wages payable	329,224
2170	Due to other funds	1,786,977
2300	Unearned revenues	<u>1,577</u>
2000	Total Liabilities	<u>2,864,259</u>
Fund Balances:		
Non-Spendable:		
3430	Prepaid items	25,314
Restricted:		
3450	Federal/State funds grant restrictions	2,916,010
Committed:		
3545	Campus activities	495,652
3600	Unassigned	<u>(12,863)</u>
3000	Total Fund Balances	<u>3,424,113</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,288,372</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit H-2
Page 1 of 5

Data Control Codes	206	211	224	225
	Texas Education for Homeless Children and Youth	ESEA, Title I, Pt A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool
Revenues				
5700 Local and Intermediate Sources	\$ -	\$ 26	\$ 3	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	7,289	1,902,132	1,699,326	9,352
5020 Total Revenues	7,289	1,902,158	1,699,329	9,352
Expenditures				
Current:				
0011 Instruction	6,466	443,773	282,218	1,506
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,137,060	188,786	7,600
0021 Instructional Leadership	-	86,827	2,841	-
0023 School Leadership	-	114,086	-	-
0031 Guidance, Counseling and Evaluation Services	-	3,979	1,225,484	246
0033 Health Services	-	-	-	-
0034 Student Transportation	823	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	116,433	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	7,289	1,902,158	1,699,329	9,352
1100 Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
7912 Sale of real or personal property	-	-	-	-
7915 Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
1200 Net change in fund balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit H-2
Page 2 of 5

Data Control Codes	240	242	244	255
	Child Nutrition	Summer Feeding Program	Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction
Revenues				
5700 Local and Intermediate Sources	\$ 1,059,670	\$ -	\$ 3	\$ -
5800 State Program Revenues	87,558	-	-	-
5900 Federal Program Revenues	4,572,160	27,194	149,626	334,274
5020 Total Revenues	5,719,388	27,194	149,629	334,274
Expenditures				
Current:				
0011 Instruction	-	-	81,998	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	22,587	278,083
0021 Instructional Leadership	-	-	-	4,107
0023 School Leadership	-	-	-	50,573
0031 Guidance, Counseling and Evaluation Services	-	-	45,044	1,511
0033 Health Services	-	-	-	-
0034 Student Transportation	-	-	-	-
0035 Food Services	6,019,760	22,241	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	232,013	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	6,251,773	22,241	149,629	334,274
1100 Excess (deficiency) of revenues over expenditures	(532,385)	4,953	-	-
Other Financing Sources (Uses)				
7912 Sale of real or personal property	11,454	-	-	-
7915 Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	11,454	-	-	-
1200 Net change in fund balances	(520,931)	4,953	-	-
0100 Fund Balance - September 1 (Beginning)	3,209,011	47,975	-	-
3000 Fund Balance - August 31 (Ending)	\$ 2,688,080	\$ 52,928	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit H-2
Page 3 of 5

Data Control Codes		263	288	289	410
		ESEA, Title III, Pt		Title IV Part A	State Instructional Materials Fund
		A - BIL/ESL	Summer School		
Revenues					
5700	Local and Intermediate Sources	\$ 1	\$ -	\$ 2	\$ 3,714
5800	State Program Revenues	-	-	-	552,140
5900	Federal Program Revenues	287,427	5,454	82,296	-
5020	Total Revenues	<u>287,428</u>	<u>5,454</u>	<u>82,298</u>	<u>555,854</u>
Expenditures					
Current:					
0011	Instruction	275,300	5,454	7,376	555,854
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	6,028	-	17,592	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	11,300	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	46,030	-
0061	Community Services	6,100	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>287,428</u>	<u>5,454</u>	<u>82,298</u>	<u>555,854</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	-	-	-
Total Other Financing Sources (Uses)					
<u>-</u>					
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	72,173
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,173</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

Exhibit H-2
Page 4 of 5

		429	461	481	499
Data Control Codes		Safety & Security Grant	Campus Activity Funds	Tri County Health Alliance	Back to School
Revenues					
5700	Local and Intermediate Sources	\$ -	\$ 1,397,902	\$ 25,366	\$ 154,350
5800	State Program Revenues	1,245,987	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>1,245,987</u>	<u>1,397,902</u>	<u>25,366</u>	<u>154,350</u>
Expenditures					
Current:					
0011	Instruction	-	-	16,224	10,095
0012	Instructional Resources and Media Services	-	94,391	-	-
0013	Curriculum and Instructional Staff Development	4,547	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	241
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0033	Health Services	-	-	9,872	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	1,294,330	-	24,810
0041	General Administration	-	-	-	7,308
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	5,540	-	-	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,230,427	-	-	-
6030	Total Expenditures	<u>1,240,514</u>	<u>1,388,721</u>	<u>26,096</u>	<u>42,454</u>
1100	Excess (deficiency) of revenues over expenditures	<u>5,473</u>	<u>9,181</u>	<u>(730)</u>	<u>111,896</u>
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	3,980	-	-
	Total Other Financing Sources (Uses)	<u>-</u>	<u>3,980</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	5,473	13,161	(730)	111,896
0100	Fund Balance - September 1 (Beginning)	<u>(5,231)</u>	<u>482,491</u>	<u>2,767</u>	<u>1,105</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 242</u>	<u>\$ 495,652</u>	<u>\$ 2,037</u>	<u>\$ 113,001</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

<u>Data Control Codes</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues	
5700 Local and Intermediate Sources	\$ 2,641,037
5800 State Program Revenues	1,885,685
5900 Federal Program Revenues	<u>9,076,530</u>
5020 Total Revenues	<u>13,603,252</u>
Expenditures	
Current:	
0011 Instruction	1,686,264
0012 Instructional Resources and Media Services	94,391
0013 Curriculum and Instructional Staff Development	1,662,283
0021 Instructional Leadership	93,775
0023 School Leadership	164,900
0031 Guidance, Counseling and Evaluation Services	1,287,564
0033 Health Services	9,872
0034 Student Transportation	823
0035 Food Services	6,042,001
0036 Cocurricular/Extracurricular Activities	1,319,140
0041 General Administration	7,308
0051 Facilities Maintenance and Operations	232,013
0052 Security and Monitoring Services	51,570
0061 Community Services	122,533
Capital Outlay:	
0081 Facilities Acquisition and Construction	<u>1,230,427</u>
6030 Total Expenditures	<u>14,004,864</u>
1100 Excess (deficiency) of revenues over expenditures	<u>(401,612)</u>
Other Financing Sources (Uses)	
7912 Sale of real or personal property	11,454
7915 Transfers in	<u>3,980</u>
Total Other Financing Sources (Uses)	<u>15,434</u>
1200 Net change in fund balances	(386,178)
0100 Fund Balance - September 1 (Beginning)	<u>3,810,291</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,424,113</u>



Nonmajor Proprietary Funds

The Enterprise Fund accounts for the District's vending fund, technology insurance fund, and extended day program fund. On the government-wide financial statements, the operations of these programs are reported as Business-type Activities.

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
August 31, 2025

Exhibit H-3

	Business-type Activities			Total Enterprise Funds
	Vending Fund	Technology Insurance Fund	Extended Day Program Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,989	\$ -	\$ 34,921	\$ 43,910
Receivables:				
Due from other funds	-	94,426	-	94,426
Other receivables	6,005	23	-	6,028
Total Assets	\$ 14,994	\$ 94,449	\$ 34,921	\$ 144,364
Liabilities				
Current Liabilities:				
Accounts payable	\$ 5,235	\$ -	\$ -	\$ 5,235
Due to other funds	-	11,910	-	11,910
Accrued wages payable	829	-	-	829
Total Liabilities	\$ 6,064	\$ 11,910	\$ -	\$ 17,974
Net Position				
Unrestricted	\$ 8,930	\$ 82,539	\$ 34,921	\$ 126,390
Total Net Position	\$ 8,930	\$ 82,539	\$ 34,921	\$ 126,390

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
For the Year Ended August 31, 2025

Exhibit H-4

	Business-Type Activities			Total Enterprise Funds
	Vending Fund	Technology Insurance Fund	Extended Day Program Fund	
Operating Revenues				
Local and Intermediate Sources	\$ 67,552	\$ 191,344	\$ 53,450	\$ 312,346
Total Operating Revenues	<u>67,552</u>	<u>191,344</u>	<u>53,450</u>	<u>312,346</u>
Operating Expenses				
Payroll Costs	10,826	-	20,093	30,919
Supplies and Materials	47,796	166,633	343	214,772
Other Operating Costs	-	-	469	469
Total Operating Expenses	<u>58,622</u>	<u>166,633</u>	<u>20,905</u>	<u>246,160</u>
Operating Income (Loss)	<u>8,930</u>	<u>24,711</u>	<u>32,545</u>	<u>66,186</u>
Income (loss) before transfers	<u>8,930</u>	<u>24,711</u>	<u>32,545</u>	<u>66,186</u>
Transfers				
Transfers in	<u>31,765</u>	<u>-</u>	<u>-</u>	<u>31,765</u>
Change in Net Position	40,695	24,711	32,545	97,951
Net Position (Deficit) - September 1 (Beginning)	<u>(31,765)</u>	<u>57,828</u>	<u>2,376</u>	<u>28,439</u>
Net Position - August 31 (Ending)	<u>\$ 8,930</u>	<u>\$ 82,539</u>	<u>\$ 34,921</u>	<u>\$ 126,390</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended August 31, 2025

Exhibit H-5

	Business-Type Activities			
	Vending Fund	Technology Insurance Fund	Extended Day Program Fund	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 64,921	\$ 96,895	\$ 53,450	\$ 215,266
Payments to suppliers and service providers	(76,937)	(155,773)	(782)	(233,492)
Payments to employees for salaries and benefits	(10,760)	-	(22,317)	(33,077)
Net Cash Provided by (Used for) Operating Activities	(22,776)	(58,878)	30,351	(51,303)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	31,765	-	-	31,765
Net Cash Provided by (Used for) Operating Activities	31,765	-	-	31,765
Net increase (decrease) in Cash and Cash Equivalents	8,989	(58,878)	30,351	(19,538)
Cash and Cash Equivalents at Beginning of Year	-	58,878	4,570	63,448
Cash and Cash Equivalents at End of Year	\$ 8,989	\$ -	\$ 34,921	\$ 43,910
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Operating Income (Loss)	\$ 8,930	\$ 24,711	\$ 32,545	\$ 66,186
Change in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(2,631)	(23)	-	(2,654)
(Increase) decrease in due from other funds	-	(94,426)	-	(94,426)
(Increase) decrease in prepaid items	30	-	30	60
(Decrease) increase in accounts payable	(9,584)	(1,050)	-	(10,634)
(Decrease) increase in accrued wages payable	66	-	(2,224)	(2,158)
(Decrease) increase in interfund payables	(19,587)	11,910	-	(7,677)
Total Adjustments	(31,706)	(83,589)	(2,194)	(117,489)
Net Cash Provided by (Used for) Operating Activities	\$ (22,776)	\$ (58,878)	\$ 30,351	\$ (51,303)

REQUIRED TEA SCHEDULES

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2025

Exhibit J-1
Page 1 of 2

Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2024	Current Year's Total Levy
	1 Maintenance	2 Debt Service			
2016 and prior	Various	Various	Various	\$ 625,316	\$ -
2017	\$1.040000	\$0.400000	\$2,600,531,319	119,029	-
2018	1.040000	0.400000	3,027,820,555	155,915	-
2019	1.040000	0.400000	3,383,391,176	215,044	-
2020	0.970000	0.400000	3,474,115,125	270,097	-
2021	0.966400	0.400000	4,237,334,104	552,282	-
2022	0.880900	0.440000	4,775,923,537	844,135	-
2023	0.8546000	0.440000	6,106,875,678	1,250,933	-
2024	0.6692000	0.440000	6,606,681,753	2,303,629	-
2025	0.6669000	0.440000	7,909,896,016	-	87,554,639
1000 Totals				<u>\$ 6,336,380</u>	<u>\$ 87,554,639</u>

8000 Total Taxes Refunded

9000 Tax Increment

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2025

Exhibit J-1
Page 2 of 2

	31	32	40	50	99
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2025	Total Taxes Refunded Under Section 26.1115(c)
2016 and prior	\$ 49,041	\$ 18,862	\$ (74,205)	\$ 483,208	
2017	9,959	3,830	-	105,240	
2018	20,738	7,976	(63)	127,138	
2019	42,626	16,394	(92)	155,932	
2020	80,358	33,137	77,615	234,217	
2021	287,106	118,835	104,863	251,204	
2022	453,950	226,743	260,903	424,345	
2023	605,435	311,715	404,869	738,652	
2024	953,388	626,854	386,402	1,109,789	
2025	<u>51,292,258</u>	<u>33,841,046</u>	-	<u>2,421,335</u>	
1000 Totals	<u>\$ 53,794,859</u>	<u>\$ 35,205,392</u>	<u>\$ 1,160,292</u>	<u>6,051,060</u>	
				<u>\$ 6,051,060</u>	
					<u>\$ 168,140</u>
9000 Tax Increment	<u>\$ -</u>				

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION
For the Year Ended August 31, 2025

Exhibit J-2

		Child Nutrition			
		Budgeted Amounts			
Data Control Codes		Original	Final	Actual	Variance with Final Budget
Revenues					
5700	Local revenues	\$ 744,500	\$ 744,500	\$ 1,059,670	\$ 315,170
5800	State program revenues	25,000	62,670	87,558	24,888
5900	Federal program revenues	5,235,000	5,235,000	4,572,160	(662,840)
	Total Revenues	6,004,500	6,042,170	5,719,388	(322,782)
Expenditures					
0035	Food services	6,647,818	6,959,671	6,019,760	939,911
0051	Facilities maintenance and operations	354,742	354,742	232,013	122,729
6030	Total Expenditures	7,002,560	7,314,413	6,251,773	1,062,640
1100	Excess (deficiency) of revenues over expenditures	(998,060)	(1,272,243)	(532,385)	739,858
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	11,454	11,454
	Total Other Financing Sources (Uses)	-	-	11,454	11,454
1200	Net change in fund balance	(998,060)	(1,272,243)	(520,931)	751,312
0100	Fund Balance - September 1 (Beginning)	3,209,011	3,209,011	3,209,011	-
3000	Fund Balance - August 31 (Ending)	\$ 2,210,951	\$ 1,936,768	\$ 2,688,080	\$ 751,312

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND
For the Year Ended August 31, 2025

Exhibit J-3

Data Control Codes		Debt Service Fund			
		Budgeted Amounts			
		Original	Final	Actual	Variance with Final Budget
Revenues					
5700	Local revenues	\$ 35,030,961	\$ 36,145,961	\$ 36,462,286	\$ 316,325
5800	State program revenues	3,141,666	3,448,666	3,205,777	(242,889)
5020	Total Revenues	38,172,627	39,594,627	39,668,063	73,436
Expenditures					
Debt Service:					
0071	Principal on long-term debt	7,745,000	7,745,000	7,745,000	-
0072	Interest on long-term debt	28,982,675	30,175,079	30,175,079	-
0073	Bond issuance costs and fees	20,000	20,000	13,008	6,992
6030	Total Expenditures	36,747,675	37,940,079	37,933,087	6,992
1100	Excess (deficiency) of revenues over expenditures	1,424,952	1,654,548	1,734,976	80,428
Other Financing Sources (Uses):					
7915	Transfers In	-	15,006,822	15,006,822	-
8949	Property Tax Refunds	(100,000)	(119,251)	(115,727)	3,524
7080	Total Other Financing Sources (Uses)	(100,000)	14,887,571	14,891,095	3,524
1200	Net change in fund balance	1,324,952	16,542,119	16,626,071	83,952
0100	Fund Balance - September 1 (Beginning)	26,734,438	26,734,438	26,734,438	-
3000	Fund Balance - August 31 (Ending)	\$ 28,059,390	\$ 43,276,557	\$ 43,360,509	\$ 83,952

WALLER INDEPENDENT SCHOOL DISTRICT
COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES
For the Year Ended August 31, 2025

Exhibit J-4

Data Codes	Section A: Compensatory Education Programs	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.	\$ 9,028,382
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 6,533,980
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.	\$ 1,728,144
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 677,523

WALLER INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended August 31, 2025

Schedule L-1

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

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



FEDERAL AWARDS SECTION



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Waller Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waller Independent School District (the “District”), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

To the Board of Trustees
Waller Independent School District

Report on Compliance and Other Matters

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

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
January 15, 2026

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Waller Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Waller Independent School District’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended August 31, 2025. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees
Waller Independent School District

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
January 15, 2026

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2025

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
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U.S. Department of Education

Special Education Cluster:

<i>IDEA - Part B, Formula</i>	84.027A
<i>IDEA - Part B, Preschool</i>	84.173A

<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	84.367A
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Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
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Auditee qualified as low risk auditee?	Yes
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WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2025

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None Reported

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Exhibit K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Passed Through Texas Education Agency:				
<i>Texas Education for Homeless Children & Youth</i>	206	84.196A	254600057110082	\$ 7,611
<i>Strong Foundations Implementation Grant (SFI) Part B1 Secondary</i>	211	84.010A	25610170237904	10,338
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	25610101237904	1,895,263
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	26610101237904	<u>80,270</u>
<i>Total ALN 84.010</i>				<u>1,985,871</u>
<i>IDEA - Part B, Formula</i>	224	84.027A	246600012379046600	58,180
<i>IDEA - Part B, Formula</i>	224	84.027A	256600012379046600	1,714,010
<i>IDEA - Part B, Preschool</i>	225	84.173A	256600012379046610	<u>9,759</u>
<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>				<u>1,781,949</u>
<i>Career and Technical - Basic Grant</i>	244	84.048A	25420006237904	50,536
<i>Effective Advising Framework (EAF) Planning Grant</i>	244	84.048A	254200317110019	<u>105,043</u>
<i>Total ALN 84.048</i>				<u>155,579</u>
<i>ESEA, Title II, Part A - Supporting Effective Instruction</i>	255	84.367A	25694501237904	349,000
<i>Title III, Part A - English Language Acquisition</i>	263	84.365A	25671001237904	300,002
<i>Title IV, Part A, Subpart 1</i>	289	84.424A	25680101237904	85,904
<i>LEP Summer School</i>	288	84.369A	69552102	<u>5,454</u>
Total U. S. Department of Education				<u>4,671,370</u>
U. S. Department of Agriculture				
Passed Through Texas Education Agency:				
<i>School Breakfast Program</i>	240	10.553	71402501	1,144,979
<i>National School Lunch Program</i>	240	10.555	71302501	3,305,534
Passed Through Texas Department of Agriculture:				
<i>USDA Commodities (non-cash assistance)</i>	240	10.555	NT4XL1YGLGC5	414,123
<i>Summer Food Service Program</i>	242	10.559	NT4XL1YGLGC5	<u>27,194</u>
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>				<u>4,891,830</u>
<i>Child and Adult Care Food Program (CACFP)</i>	240	10.558	NT4XL1YGLGC5	<u>151,059</u>
Total U. S. Department of Agriculture				<u>5,042,889</u>
Total Expenditures of Federal Awards				<u>\$ 9,714,259</u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2025. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation of Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and expenditures reports on Exhibit C-2:

Total Shown on Schedule of Expenditures of Federal Awards	\$ 9,714,259
Federal Revenue Accounted for in the Governmental Funds:	
School Health and Related Services (SHARS)	287,804
Junior Reserve Officers' Training Corps (JROTC)	97,693
E-Rate - General Fund	108,815
E-Rate - Capital Projects Fund	<u>1,103,205</u>
Total Federal Revenue - Exhibit C-2	<u><u>\$ 11,311,776</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Exhibit K-2

Note 4 - General Fund Federal Program Revenues

Federal Awards reported in the general fund are summarized as follows:

<u>Program or Source</u>	<u>ALN</u>	<u>Amount</u>
School Health and Related Services (SHARS)	N/A	\$ 287,804
Junior Reserve Officers' Training Corps (JROTC)	N/A	97,693
E-Rate - General Fund	N/A	108,815
Indirect Costs:		
School Breakfast Program	10.553	97,429
National School Lunch Program	10.555	346,106
Texas Education for Homeless Children & Youth	84.196A	322
ESEA, Title I, Part A - Improving Basic Programs	84.010A	83,739
IDEA - Part B, Formula	84.027A	72,864
IDEA - Part B, Preschool	84.173A	407
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	14,726
Career and Technical - Basic Grant	84.048A	1,508
Effective Advising Framework (EAF) Planning Grant	84.048A	4,445
Title III, Part A - English Language Acquisition	84.365A	12,575
Title IV, Part A	84.424A	3,608
Total Indirect Costs		<u>637,729</u>
Total General Fund Program Revenues		<u>\$ 1,132,041</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

WALLER INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare a corrective action plan to address each audit finding included in the auditor's report for the current year. The corrective action plan must be a document separate from the auditor's findings described in § 200.516. The corrective action plan must also provide the name(s) of the contact person(s) responsible for the corrective action, the corrective action to be taken, and the anticipated completion date. When the auditee does not agree with the audit findings or believes corrective action is not required, the corrective action plan must include a detailed explanation of the reasons."

I. Corrective Action Plan

Not Applicable