

**WEST RUSK COUNTY CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**



ANNUAL FINANCIAL & COMPLIANCE REPORT  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

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**WEST RUSK CONSOLIDATED COUNTY INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL & COMPLIANCE REPORT**

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**CERTIFICATE OF BOARD**

**West Rusk County Consolidated  
Independent School District**

Name of School District

**Rusk**

County

**201-914**

County-District

We, the undersigned, certify that the attached annual financial & compliance reports of the above named school district were reviewed and  X  approved \_\_\_ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 28<sup>th</sup> of January, 2026.



Signature of Board Secretary



Signature of Board President

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# **FINANCIAL SECTION**

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**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
New London, Texas

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Rusk County Consolidated 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental 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 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.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension and OPEB schedules on pages 9-15 and 63-73 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 accompanying compliance schedules required by the Texas Education Agency 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. 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 schedules required by the Texas Education Agency and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic, financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 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.

*Mays & Associates*  
Mays & Associates, PLLC

Baytown, Texas  
January 28, 2026

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## WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the West Rusk County Consolidated 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 year ended August 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ \$6,416,095 (*net position*).
- The District's governmental funds reported combined ending fund balances of \$27,178,540, an increase of \$23,391,095 in comparison with the prior year.
- The unassigned fund balance for the general fund was \$2,399,761 or 17% of total general fund expenditures.
- The District's bonded debt increased by \$23,140,000 as a result of issuance of new bond.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1) are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining Governmental Fund Financial Statements, Proprietary Fund Statements and Fiduciary Fund Financial Statements focus on individual parts of the government and they report the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were funded in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about activities the government operates like businesses, such as the District's internal service fund. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include Notes to the Financial Statements that explain in narrative form some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources, and liabilities and deferred inflows of resources. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash was received or paid.

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base and changes in student enrollment.

## WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration.

### **Fund Financial Statements**

The fund financial statements (Exhibits C-1 through E-2) provide more detailed information about the District's most significant funds, but not the District as a whole. A fund is a group of accounts that the District uses to record specific sources of revenue and to track expenditures used for particular purposes.

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

The District has two kinds of funds:

1. Governmental Funds – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide Exhibits C-1R and C-3 to explain the differences between them.
2. Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The District reports one type of proprietary fund, the Internal Service Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses an internal service fund to charge the costs of the District's workers' compensation coverage.
3. Fiduciary Funds – The District is the fiduciary for certain funds. 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 separate statements (Exhibit E-1 & E-2). We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

### **Notes to the Financial Statements**

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

### **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. The required supplementary information compares the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds with legally adopted budgets; therefore, only the general fund budget is presented as required supplementary information.

In addition, information related to the District's proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

### **Other Information**

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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 \$6,416,095 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), 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.

<b>COMPARATIVE SCHEDULE OF NET POSITION</b>			
	<b>Governmental Activities</b>		<b>Change 2025-2024</b>
	<b>2025</b>	<b>2024</b>	
Current and other assets	\$ 28,323,495	\$ 5,003,287	\$ 23,320,208
Capital assets and non current assets	19,108,210	19,059,016	49,194
Total assets	<u>47,431,705</u>	<u>24,062,303</u>	<u>23,369,402</u>
Total deferred outflows of resources	<u>2,024,917</u>	<u>2,384,755</u>	<u>(359,838)</u>
Other liabilities	700,139	1,408,374	(708,235)
Long-term liabilities	40,095,910	16,329,600	23,766,310
Total liabilities	<u>40,796,049</u>	<u>17,737,974</u>	<u>23,058,075</u>
Total deferred inflows of resources	<u>2,244,478</u>	<u>2,754,770</u>	<u>(510,292)</u>
Net position:			
Net investment in capital assets	7,651,411	6,713,830	937,581
Restricted	1,452,327	1,552,839	(100,512)
Unrestricted	<u>(2,687,643)</u>	<u>(2,312,355)</u>	<u>(375,288)</u>
<b>Total net position</b>	<b><u>\$ 6,416,095</u></b>	<b><u>\$ 5,954,314</u></b>	<b><u>\$ 461,781</u></b>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amounts to (2,687,643) at August 31, 2025. Unrestricted net position reflects a deficit balance. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Additionally, net position is restricted for the following purposes:

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Federal and state programs	\$ 173,067	\$ 228,751
Debt Services	1,279,260	1,324,088
	<b><u>\$ 1,452,327</u></b>	<b><u>\$ 1,552,839</u></b>

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

COMPARATIVE SCHEDULE OF CHANGES IN STATEMENT OF ACTIVITIES					
	Governmental Activities				Change 2025-2024
	2025	%	2024	%	
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 80,484	0%	\$ 101,998	1%	\$ (21,514)
Operating grants & contributions	2,071,966	13%	2,376,593	15%	(304,627)
General revenues:					
Property taxes	4,094,330	25%	4,695,295	29%	(600,965)
State aid - formula grants	9,720,258	59%	8,574,854	53%	1,145,404
Grants and contributions not restricted	28,993	0%	84,336	1%	(55,343)
Investment earnings	90,745	1%	137,060	1%	(46,315)
Other	452,345	3%	60,981	0%	391,364
<b>Total revenues</b>	<b><u>16,539,121</u></b>	<b><u>100%</u></b>	<b><u>16,031,117</u></b>	<b><u>100%</u></b>	<b><u>508,004</u></b>
<b>Expenses:</b>					
Instruction and related services	7,972,547	50%	7,909,405	50%	63,142
Instructional and school leadership	1,485,287	9%	1,483,676	9%	1,611
Support services - student	2,821,262	18%	3,070,919	19%	(249,657)
General administration	968,041	6%	777,410	5%	190,631
Plant maintenance, security & data processing	2,129,001	13%	2,126,735	13%	2,266
Debt service	604,303	4%	287,764	2%	316,539
Intergovernmental Charges	96,899	1%	104,747	1%	(7,848)
<b>Total expenses</b>	<b><u>16,077,340</u></b>	<b><u>100%</u></b>	<b><u>15,760,656</u></b>	<b><u>100%</u></b>	<b><u>316,684</u></b>
Increase (decrease) in net position	461,781		270,461		191,320
<b>Net position, beginning</b>	5,954,314		5,683,853		270,461
<b>Prior period adjustment</b>	<u>-</u>		<u>-</u>		<u>-</u>
<b>Net position, ending</b>	<b><u>\$ 6,416,095</u></b>		<b><u>\$ 5,954,314</u></b>		<b><u>\$ 461,781</u></b>

The Net Position increased by \$461,781 primarily results from excess revenues over expenses. This increase results from additional state aid – formula grants, offset by decrease in property tax, coupled with decrease in operating grants & contributions.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

At August 31, 2025, the District reported a net pension liability of \$2,391,899 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$2,295,442 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At August 31, 2024, the District's net pension liability and OPEB liability was \$2,883,730 and \$1,667,860, respectively.

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined, these represented approximately 96% or \$15,916,823 of total revenues. The remaining 4% or \$622,298 or 4 percent was generated from charges for services, investment earnings, and miscellaneous revenues.

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The primary functional expenses of the District are due to the following sources: instruction and related services, student support services, and non-student support services. When combined these represented 80% or \$12,922,810 of total expenses. The remaining functional expenses represent less than 20% or \$3,154,530 of total expenditures.

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

At August 31, 2025, the District’s governmental funds reported combined fund balances of \$27,178,540, an increase of \$23,391,95 in comparison with the prior year. Approximately 86% or \$23,421,489 of combined fund balance constitutes *restricted capital acquisitions*.

	<b>Governmental Fund Balances</b>				
	General Fund	Debt Service Fund	Capital Projects	NonMajor Funds	Totals
<b>Total Fund Expenditure</b>	<b>\$ 13,805,448</b>	<b>\$ 1,481,375</b>	<b>\$ 290,882</b>	<b>\$ 1,642,684</b>	<b>\$ 17,220,389</b>
Restricted	-	1,184,223	23,421,489	173,067	24,778,779
Unassigned	2,399,761	-	-	-	2,399,761
<b>Total fund balances</b>	<b>\$ 2,399,761</b>	<b>\$ 1,184,223</b>	<b>\$ 23,421,489</b>	<b>\$ 173,067</b>	<b>\$ 27,178,540</b>

The general fund is the primary operating fund of the District. A useful measure of the general fund’s liquidity is the comparison of both unassigned fund balance and total fund balance to total fund expenditures. As of August 31, 2025, the unassigned and total general fund balance was \$2,339,761, or approximately 17 percent of total general fund expenditures, representing approximately 60 days of operating expenditures. During the year, the general fund balance increased by \$39,190 as a result of current year operations.

The debt service fund reported a total fund balance of \$1,184,223 at August 31, 2025, all of which is restricted for the payment of principal and interest on long-term debt. During the year, the fund balance decreased by \$13,900, primarily due to debt service expenditures exceeding related revenues.

The capital projects fund reported a fund balance of \$23,421,489 at year-end. This increase is primarily attributable to the issuance of capital-related debt during the current fiscal year.

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	<b>BUDGET</b>		<b>Actuals</b>
	<b>Original</b>	<b>Final</b>	
Total revenues	\$ 13,238,406	\$ 13,629,150	\$ 13,851,591
Total expenditures	13,262,975	14,053,449	13,805,448
Other financing sources (uses)	-	-	(6,953)
<b>Net change in fund balance</b>	<b>\$ (24,569)</b>	<b>\$ (424,299)</b>	<b>\$ 39,190</b>

The District originally adopted a deficit budget of \$24,569 for fiscal year 2025. During the year, the budget was amended, resulting in a planned deficit of \$424,299. Actual general fund revenues exceeded the final budget by \$222,441, largely attributable to higher-than-anticipated state revenues. Actual expenditures were \$248,001 less than budgeted. As a result, the general fund balance increased by \$39,190 during the fiscal year.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of August 31, 2025, includes land, buildings and improvements, furniture and equipment, and construction in progress. The investment in capital assets (capital outlays) decreased during the current year by \$645,594.

The following table summarizes the investment in capital assets as of August 31, 2025, and 2024.

	<b>2025</b>	<b>2024</b>
Land	\$ 37,177	\$ 37,177
Buildings and improv	30,919,883	30,013,114
Furniture and equipn	3,955,871	3,629,633
Construction in prog	-	4,750
	34,912,931	33,684,674
Accumulated deprec:	(15,804,721)	(13,930,870)
<b>Net capital assets</b>	<b>\$ 19,108,210</b>	<b>\$ 19,753,804</b>

**Long-Term Liabilities**

As of August 31, 2025, the District had a total general obligation debt of \$33,590,000. The District's bonded debt increased by \$23,140,000 from the prior year due to issuance of new bonded debt. The District's general obligation bonds are rated "AAA" by Standard & Poor's. The bonds are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

Changes in long-term debt for the year ended August 31, 2025 are as follows:

	<b>Outstanding</b>			<b>Outstanding</b>
	<b>9/1/2024</b>	<b>Additions</b>	<b>Reductions</b>	
General obligation bonds	\$ 11,530,000	\$ 23,140,000	\$ (1,080,000)	\$ 33,590,000
Deferred bond components	983,010	562,310	(62,970)	1,482,350
Notes payables	38,000	-	(38,000)	-
Other liabilities	4,551,590	963,801	(491,831)	5,023,560
	<b>\$ 17,102,600</b>	<b>\$ 24,666,111</b>	<b>\$ (1,672,801)</b>	<b>\$ 40,095,910</b>

Additional information on the District's capital assets and long-term liabilities can be found in the notes to the financial statements.

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During fiscal year 2025, District voters approved bonds totaling \$23,405,000 for the construction of a new elementary school, including a music room and a multi-purpose gymnasium with a stage. Groundbreaking occurred in December 2025, with construction beginning during the winter months.

The District adopted a surplus General Fund budget of approximately \$251,000 for fiscal year 2026. The tax rate for fiscal year 2025 was \$0.9892, while the adopted tax rate for fiscal year 2026 is \$1.1692, reflecting an increase in anticipation of additional debt service requirements related to the voter-approved bonds. The District's current year taxable value is approximately \$421 million and was considered in the development of the District's budget and tax rates.

The District's elected and appointed officials considered the following factors when setting the fiscal-year 2026 budget and tax rates:

- Appraised value for 2026 budget preparation is \$427,041,484 down 0.65%.
- General operating fund spending per student increased in the 2026 budget from \$12,456 to \$13,508. This is a 8% increase.
- The District's 2026 refined average daily attendance is expected to be 948.7, an increase from last year's ADA of 942.5.

These indicators were taken into account when adopting the general fund budget for 2026. Estimated revenue for the 2026 general fund is \$14,550,038, an increase of \$1,311,632 over the final 2025 budget revenue. Amounts available for appropriation in the 2026 general fund budget are \$13,535,495, an increase of \$1,053,766 over the final 2025 budget.

The largest changes are a decrease in appraised property values which lowered our local revenue but was counteracted by an increase to state funding to cover newly adopted teacher raises. A competitive salary schedule allowed the District to open the 2025-2026 school year with no teacher vacancies and only 2 aide vacancies. The District passed a bond for a new Elementary School that was funded in late August 2025 and construction began in November 2025. The budget also allowed for an increase to CTE spending to fund the rapidly growing student base in that field.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Business Operations at West Rusk County Consolidated Independent School District, 10705 S. Main New London, New London, Texas 75682.

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2025

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 2,703,508
1120 Current Investments	23,818,494
1220 Property Taxes - Delinquent	789,957
1230 Allowance for Uncollectible Taxes	(235,616)
1240 Due from Other Governments	1,238,180
1290 Other Receivables, Net	8,972
Capital Assets:	
1510 Land	37,177
1520 Buildings, Net	18,009,395
1530 Furniture and Equipment, Net	1,061,638
1000 Total Assets	47,431,705
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	194,062
1705 Deferred Outflow Related to TRS Pension	855,762
1706 Deferred Outflow Related to TRS OPEB	975,093
1700 Total Deferred Outflows of Resources	2,024,917
<b>LIABILITIES</b>	
2110 Accounts Payable	175,726
2140 Accrued Interest	56,400
2150 Payroll Deductions and Withholdings	1,435
2160 Accrued Wages Payable	466,578
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	925,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	34,483,569
2540 Net Pension Liability (District's Share)	2,391,899
2545 Net OPEB Liability (District's Share)	2,295,442
2000 Total Liabilities	40,796,049
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	174,381
2606 Deferred Inflow Related to TRS OPEB	2,070,097
2600 Total Deferred Inflows of Resources	2,244,478
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	7,651,411
Restricted:	
3820 Restricted for Federal and State Programs	173,067
3850 Restricted for Debt Service	1,279,260
3900 Unrestricted	(2,687,643)
3000 Total Net Position	\$ 6,416,095

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 7,913,060	\$ -	\$ 715,266	\$ (7,197,794)
12 Instructional Resources and Media Services	54,173	-	754	(53,419)
13 Curriculum and Instructional Staff Development	5,314	-	-	(5,314)
23 School Leadership	1,485,287	-	57,119	(1,428,168)
31 Guidance, Counseling, and Evaluation Services	287,789	-	159,265	(128,524)
33 Health Services	113,783	-	3,697	(110,086)
34 Student (Pupil) Transportation	591,828	-	11,366	(580,462)
35 Food Services	932,414	34,867	840,135	(57,412)
36 Extracurricular Activities	895,448	45,617	16,778	(833,053)
41 General Administration	968,041	-	21,583	(946,458)
51 Facilities Maintenance and Operations	1,882,862	-	58,601	(1,824,261)
52 Security and Monitoring Services	126,072	-	3,720	(122,352)
53 Data Processing Services	120,067	-	4,742	(115,325)
72 Debt Service - Interest on Long-Term Debt	299,171	-	178,940	(120,231)
73 Debt Service - Bond Issuance Cost and Fees	305,132	-	-	(305,132)
99 Other Intergovernmental Charges	96,899	-	-	(96,899)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 16,077,340	\$ 80,484	\$ 2,071,966	(13,924,890)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			2,885,131
DT	Property Taxes, Levied for Debt Service			1,209,199
SF	State Aid - Formula Grants			9,720,258
GC	Grants and Contributions not Restricted			28,993
IE	Investment Earnings			90,745
MI	Miscellaneous Local and Intermediate Revenue			452,345
TR	Total General Revenues			14,386,671
CN	Change in Net Position			461,781
NB	Net Position - Beginning			5,954,314
NE	Net Position - Ending			\$ 6,416,095

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Capital Projects Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 1,267,683	\$ 1,184,852	\$ -
1120 Investments - Current	397,005	-	23,421,489
1220 Property Taxes - Delinquent	592,001	197,956	-
1230 Allowance for Uncollectible Taxes	(189,097)	(46,519)	-
1240 Due from Other Governments	1,186,437	-	-
1290 Other Receivables	6,513	2,459	-
1000 Total Assets	<u>\$ 3,260,542</u>	<u>\$ 1,338,748</u>	<u>\$ 23,421,489</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 12,667	\$ 3,088	\$ -
2150 Payroll Deductions and Withholdings Payable	1,435	-	-
2160 Accrued Wages Payable	443,775	-	-
2000 Total Liabilities	<u>457,877</u>	<u>3,088</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	402,904	151,437	-
2600 Total Deferred Inflows of Resources	<u>402,904</u>	<u>151,437</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	23,421,489
3480 Retirement of Long-Term Debt	-	1,184,223	-
3600 Unassigned Fund Balance	2,399,761	-	-
3000 Total Fund Balances	<u>2,399,761</u>	<u>1,184,223</u>	<u>23,421,489</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,260,542</u>	<u>\$ 1,338,748</u>	<u>\$ 23,421,489</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 144,127	\$ 2,596,662
-	23,818,494
-	789,957
-	(235,616)
51,743	1,238,180
-	8,972
<u>\$ 195,870</u>	<u>\$ 28,216,649</u>
\$ -	\$ 15,755
-	1,435
22,803	466,578
<u>22,803</u>	<u>483,768</u>
-	554,341
<u>-</u>	<u>554,341</u>
173,067	173,067
-	23,421,489
-	1,184,223
-	2,399,761
<u>173,067</u>	<u>27,178,540</u>
<u>\$ 195,870</u>	<u>\$ 28,216,649</u>

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WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2025

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	27,178,540
1 The District uses internal service funds to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position.		(53,125)
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$34,875,754 and the accumulated depreciation is \$ \$971,122. The effect of including the capital assets (net of depreciation) in the government activities is to increase net position. (See Note II.D.)		19,108,210
3 Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the government funds. The effect of these long-term liabilities is a decrease to net position. (See Note II.E.)		(35,408,569)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$2,391,899, a deferred resource inflow related to TRS in the amount of \$174,381 and a deferred resource outflow related to TRS in the amount of \$855,762. The net effect of these pension related items is a decrease to net pension. (See Note II.H.)		(1,710,518)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$2,295,442, a deferred inflow related to TRS OPEB in the amount of \$2,070,097, and a deferred resource outflow related to TRS OPEB in the amount of \$975,093. The net effect of these OPEB related items is a decrease to net position. (See. Note II.I. )		(3,390,446)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions and recognizing the bond components associated with outstanding debt. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.		137,662
7 Recognizing unearned revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.		554,341
<b>29 Net Position of Governmental Activities</b>	<b>\$</b>	<b>6,416,095</b>

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Capital Projects Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 3,431,231	\$ 1,201,760	\$ 16,489
5800 State Program Revenues	10,391,553	178,940	-
5900 Federal Program Revenues	28,807	-	-
5020 Total Revenues	<u>13,851,591</u>	<u>1,380,700</u>	<u>16,489</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	6,750,506	-	-
0012 Instructional Resources and Media Services	50,942	-	-
0013 Curriculum and Instructional Staff Development	4,997	-	-
0023 School Leadership	1,445,775	-	-
0031 Guidance, Counseling, and Evaluation Services	127,335	-	-
0033 Health Services	110,351	-	-
0034 Student (Pupil) Transportation	656,827	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	877,988	-	-
0041 General Administration	811,262	-	-
0051 Facilities Maintenance and Operations	2,563,154	-	-
0052 Security and Monitoring Services	121,907	-	-
0053 Data Processing Services	148,913	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	37,800	1,080,000	-
0072 Interest on Long-Term Liabilities	792	387,125	-
0073 Bond Issuance Cost and Fees	-	14,250	290,882
Intergovernmental:			
0099 Other Intergovernmental Charges	96,899	-	-
6030 Total Expenditures	<u>13,805,448</u>	<u>1,481,375</u>	<u>290,882</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>46,143</u>	<u>(100,675)</u>	<u>(274,393)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued	-	-	23,140,000
7915 Transfers In	-	86,775	-
7916 Premium or Discount on Issuance of Bonds	-	-	562,310
7917 Prepaid Interest	-	-	80,347
8911 Transfers Out (Use)	-	-	(86,775)
8949 Other (Uses)	(6,953)	-	-
7080 Total Other Financing Sources (Uses)	<u>(6,953)</u>	<u>86,775</u>	<u>23,695,882</u>
1200 Net Change in Fund Balances	39,190	(13,900)	23,421,489
0100 Fund Balance - September 1 (Beginning)	2,360,571	1,198,123	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,399,761</u>	<u>\$ 1,184,223</u>	<u>\$ 23,421,489</u>

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

	Nonmajor Governmental Funds	Total Governmental Funds
\$	34,867	\$ 4,684,347
	261,974	10,832,467
	1,290,159	1,318,966
	1,587,000	16,835,780
	561,609	7,312,115
	-	50,942
	-	4,997
	-	1,445,775
	150,000	277,335
	-	110,351
	-	656,827
	890,223	890,223
	-	877,988
	-	811,262
	40,852	2,604,006
	-	121,907
	-	148,913
	-	1,117,800
	-	387,917
	-	305,132
	-	96,899
	1,642,684	17,220,389
	(55,684)	(384,609)
	-	23,140,000
	-	86,775
	-	562,310
	-	80,347
	-	(86,775)
	-	(6,953)
	-	23,775,704
	(55,684)	23,391,095
	228,751	3,787,445
\$	173,067	\$ 27,178,540

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	23,391,095
 The District uses internal service fund to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with government activities. The net effect of this consolidation is to decrease net position.		(126,200)
 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing current year capital outlays is an increase to net position. (See Note II.D.)		1,020,316
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (See Note II.D.)		(971,122)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(21,214)
 The government funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to decrease net position. (See Note II.E.)		(22,857,559)
 Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in government funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.		(297,870)
 Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in the governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.		324,335
 <b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>461,781</b>

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2025

	Governmental Activities -	
		Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	106,846
Total Assets		106,846
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued Expenses		159,971
Total Liabilities		159,971
<b>NET POSITION</b>		
Unrestricted Net Position		(53,125)
Total Net Position	\$	(53,125)

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

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

	Governmental Activities -	
	Internal Service Fund	
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 30,260	
Total Operating Revenues	30,260	
OPERATING EXPENSES:		
Professional and Contracted Services	60,119	
Other Operating Costs	96,341	
Total Operating Expenses	156,460	
Operating Income (Loss)	(126,200)	
Total Net Position - September 1 (Beginning)	73,075	
Total Net Position - August 31 (Ending)	\$ (53,125)	

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 30,260
Cash Payments for Insurance Claims	(90,367)
Net Cash Used for Operating Activities	(60,107)
Net Decrease in Cash and Cash Equivalents	(60,107)
Cash and Cash Equivalents at Beginning of Year	166,953
Cash and Cash Equivalents at End of Year	\$ 106,846
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (126,200)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(93,878)
Increase (decrease) in Accrued Liabilities	159,971
Net Cash Used for Operating Activities	\$ (60,107)

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 AUGUST 31, 2025

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 106,360
Total Assets	<u>106,360</u>
NET POSITION	
Restricted for Student Groups	<u>106,360</u>
Total Net Position	<u><u>\$ 106,360</u></u>

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

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2025

	Custodial Fund
<b>ADDITIONS:</b>	
Miscellaneous Revenue - Student	\$ 262,307
Total Additions	262,307
<b>DEDUCTIONS:</b>	
Other Deductions	261,607
Total Deductions	261,607
Change in Fiduciary Net Position	700
Total Net Position - September 1 (Beginning)	105,660
Total Net Position - August 31 (Ending)	\$ 106,360

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

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of White Rusk County Consolidated Independent School District (the “District”) have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No. 91 and 93* of the American Institute of Certified Public Accountants (“AICPA”); and it complies with the requirements of the appropriate version of Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

The Board of Trustees (the “Board”), a seven member group, has fiscal responsibility over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board that corporately has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the Texas State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity*”: *Omnibus - an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

**B. Basis of Presentation**

**1. Government-Wide Financial Statements**

The government-wide financial statements, which includes the statement of net position and the statement of activities, report on all of the non-fiduciary activities of the District’s primary government. These statements exclude the effects of interfund activities that do not involve services provided or used. In this context, the District’s governmental activities are typically funded by tax revenues and intergovernmental revenues. The District does not have business-type activities, which would normally depend significantly on fees and charges for financial support.

The statement of activities provides a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. *Direct expenses* are specifically associated with a program or function and are clearly attributable to that function. *Indirect costs* are allocated proportionally, based on the ratio of function’s expense to total expense. *Program revenues* are categorized as 1) Charges for services, goods, or privileges purchased by students, applicants, or users who directly benefit from a specific function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, such as taxes, are reported as *general revenues*.

**2. Fund Financial Statements**

The District presents separate financial statements for governmental, proprietary, and fiduciary funds. Fiduciary funds, though excluded from the government-wide financial statements, are still reported in separate fiduciary fund financial statements. During the fiscal year, the District segregates transactions related to specific functions or activities into separate funds to aid financial management and demonstrate legal compliance.

Fund financial statements are designed to present the District’s financial information at a more detailed level, with the focus on major funds. These major individual governmental funds are reported in separate columns to highlight their financial activity. All remaining nonmajor governmental funds are aggregated and presented in a single column for reporting purposes. Additionally, proprietary funds are reported separately, and fiduciary funds are presented in their own financial statements, even though they are not included in the government-wide statements.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**C. Fund Accounting**

The District utilizes funds to manage and organize its financial records during the fiscal year. A fund is an accounting entity with its own set of self-balancing accounts, meaning it independently tracks its financial resources and obligations. There are three categories of funds: governmental, proprietary, and fiduciary.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The District reports the following major governmental funds:

- **General Fund** – is the District’s primary operating fund and accounts for resources that finance the fundamental operations of the District. It includes all financial resources not required to be accounted for in another fund. Major revenue sources for the General Fund include local property taxes and state funding, such as the Foundation School Program.

This fund covers all expenditures related to the District's daily operations, except for specific programs funded by federal or state government, as well as food service, debt service, and capital projects. It plays a central role in supporting the District’s mission, in partnership with the community, to enable and motivate students to reach their full potential. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

- **Debt Service Fund** – is used to account for the accumulation of resources to pay the principal and interest on long-term debt issued by the District. These funds ensure that the District can meet its debt obligations as they come due. Major revenue sources for the Debt Service Fund include dedicated property taxes. Transfers from other funds or special assessments that set aside to pay off debt. . This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- **Capital Projects Fund** – accounts for proceeds from the sale of voter-approved bonds and other resources to be used for Board authorized acquisition, construction, and renovations of major capital facilities as well as providing their furnishings and equipment. Upon completion of a bond project, any unused proceeds are transferred to the debt service fund to retire related bond principal.
- **Nonmajor Governmental Funds** - account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

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**2. Proprietary Fund**

Proprietary funds are used to account for operations that are similar to private businesses, where goods or services are provided to external parties for a fee and distinguished between operating and non-operating revenues and expenses. The two main types of proprietary funds are *enterprise funds* and *internal service funds*.

The District uses internal service funds to account for specific services provided to other funds or departments on a cost reimbursement basis. The District uses the following *internal service fund*:

- **Workers' Compensation Fund** – The District's statutory workers' compensation obligations are accounted for in the internal service fund using a cost reimbursement basis. All funds within the District that expend resources for salaries and wages contribute a percentage to the workers' compensation program. The operating revenues of the District's internal service fund includes charges for self-funded worker's compensation services provided to other funds and/or employees of the District. Operating expenses consists of insurance claims, premiums and administrative costs associated with the workers' compensation program.

**3. Fiduciary Funds**

Fiduciary Funds are used to manage resources that the Districts holds in a trust or as an agent for others, such as pension funds, scholarship donations, or various campus organization fundraising resources. These funds are excluded from the government-wide financial statements because the resources they contain are held for the benefit of individuals, organizations, or other governments and are not available to support the government's own programs or services. The District uses the following fiduciary funds:

- **Custodial Funds** – account for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District's role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

The custodial funds meet the requirements for reporting as fiduciary activities. The assets derived from these funds are not from the District's owned revenue sources. In addition, they do not meet the criteria for District-mandated or voluntary nonexchange transactions. Lastly, these assets are for the benefits of individuals, namely students or others, and the District does not have administrative involvement or direct financial involvement for these funds.

**D. Measurement Focus and Basis of Accounting**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year of levy.

**2. Fund Financial Statements**

The fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. These statements reflect only current assets (such as cash and receivables expected to be collected within the year) and current liabilities (those expected to be settled within the fiscal year). Long-term assets and liabilities, such as capital assets and long-term debt, are not reported in these statements.

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Revenues are recognized when they are both measurable (the amount can be determined) and available (expected to be collected within the current period or within 60 days after the fiscal year ends). Property tax revenue and state funding follow the susceptible-to-accrual concept, meaning they must be available and measurable to be recognized.

Taxes not collected within 60 days are reported as deferred inflows of resources. Miscellaneous revenues, such as fees or minor revenues, are recorded when received because they are generally not measurable until collection.

Interest revenue and building rentals are recognized when earned, as they are measurable and available. State and Federal grants revenue is recognized when eligible expenditures are incurred. If funds are received before expenditures are made, they are recorded as unearned revenues. If expenditures are made before receiving grant funds, they are reported as receivables.

Expenditures are recognized when a liability is incurred, similar to accrual accounting. However, debt service payments (principal and interest), compensated absences, claims, and judgments are recorded only when payment is due, not when the liability is incurred.

The government-wide financial statements (using the *accrual basis*) include all assets and liabilities, including long-term ones. In contrast, the fund financial statements (using *modified accrual*) exclude long-term items like capital assets and long-term debt. As a result, reconciliations are provided in the fund financial statements to explain these differences.

**3. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

- ***Revenues-Exchange and Non-exchange Transactions***

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

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On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

- **Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to current fiscal year operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

- **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**E. Assets, Liabilities, and Net Position or Fund Equity**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers cash on hand, demand deposits, investment pools, and short-term investments with maturities of three months or less from the date of acquisition to be cash and cash equivalents.

**2. Deposits and Investments**

Under Texas state law, a bank serving as the school depository must have a bond, or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

Investments consist of balances in privately managed public funds investment pools. Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

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

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

**3. Property Taxes**

The District levies property taxes on October 1, as per the Texas Property Tax Code. Taxes are due upon receipt of the bill and become delinquent after February 1 of the following year, subject to interest and penalties. A tax lien is attached to properties on January 1 to secure payment.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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.

**4. Inter-fund Receivables, Payables, and Transfers**

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. Interfund receivables and payables are eliminated in the government-wide financial statements as are transfers between funds.

**5. Capital Assets**

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as those with an initial individual cost of more than \$5,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost, or if unavailable, at estimated historical cost. Donated assets are recorded at their acquisition value or estimated fair value on the date of donation.

Furniture and equipment costing in excess of \$5,000 are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, but interest incurred during construction is not capitalized. When assets are retired or disposed of, their related costs or other recorded amounts are removed from the records.

Capital assets of the District are depreciated using the straight-line method over their estimated useful lives, which are as follows:

<b>Capital Asset:</b>	<b>Years</b>
Buildings & improvements	20-60
Furniture, fixtures & equipment	3-15
Buses & vehicles	8
Tractors & other	7-10

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**6. Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet 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 outflow 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 outflow 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 differences between expected and actual actuarial experiences. 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 other 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 outflow of resources for 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 differences between expected and actual investment earnings and changes in proportionate share. 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 other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB 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 inflow 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. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

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**7. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term indebtedness is reported as a liability. Bond premiums and discounts, as well as defeasance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium, discount, and other costs.

In the fund financial statements, bond premiums (net of discounts) are recognized in the current period and recorded as other financing sources. Issuance costs are recognized in the current period as debt service expenditures. The face amount of the debt issued is reported as other financing sources; whereas bonds refunded during the period are recorded as other financing uses.

**8. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Employees earn state personal leave, local personal leave, and certain state sick leave accumulated prior to May 30, 1995.

State and local personal leave are considered vacation-type leave and accumulate without limit. A liability is recognized for leave earned and attributable to services already rendered when payment or use is probable and the amount is reasonably estimable. Payment for accumulated state and local leave upon retirement is limited to 40 days per eligible employee at Board-established rates; accordingly, the liability does not include amounts in excess of this limit.

Fiscal year 2025 represents the District's initial implementation of GASB Statement No. 101. Management evaluated the cumulative effect of applying the new standard to prior periods and determined that the impact was not material; therefore, no prior-period adjustment was recorded.

State sick leave accumulated prior to May 30, 1995, is considered sick-type leave and is recognized as a liability only to the extent it is expected to be used or paid in accordance with District policy.

**9. Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS 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.

**10. Other Post-Employment Benefits**

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

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**11. Fund Balance**

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The government fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered *Nonspendable* as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)
- ***Restricted*** – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- ***Committed*** – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.
- ***Assigned*** – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- ***Unassigned*** – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

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**12. Net Position**

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- ***Net investment in capital assets*** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- ***Restricted net position*** – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- ***Unrestricted net position*** – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**13. Budgetary Data**

The Board adopts an “appropriated budget” for the General Fund, Debt Services Fund, and the Child Nutrition Program (which is included in the Nonmajor Governmental Funds). The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits G-1, J-2, and J-3.

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

- a) Prior to August 31, the District prepares an operating budget for the next succeeding fiscal year beginning September 1. The budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
- c) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**14. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is probable that the foundation revenue estimate as of August 31 will change and those changes could be material. For the year ended August 31, 2025, the District received approximately 64% of revenues from the State of Texas.

**15. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

**16. Implementation of New Accounting Standards**

GASB issued Statement No. 101, "*Compensated Absences*", which is effective for fiscal year ending August 31, 2025. The Statement requires governments to recognize a liability for compensated absences for leave that has not been used and leave that has been used but not paid. The liability is measured at the amount of the cash payment or noncash settlement to be made for the use of leave. The Statement did not have a material impact on the financial statements.

GASB issued Statement No. 102, "*Certain Risk Disclosures*", requires governments to disclose information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal year ending August 31, 2025, and the District implemented the Statement. The Statement did not have a material impact on the financial statements.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

A summary of the District’s cash and investments by fund at August 31, 2025 is shown below:

	<b>Cash and Deposits</b>	<b>Investment Pools</b>	<b>Total Cash &amp; Investments</b>
<b>Governmental Funds:</b>			
General fund	\$ 1,267,683	\$ 397,005	\$ 1,664,688
Debt service fund	1,184,852	-	1,184,852
Capital projects fund	-	23,421,489	23,421,489
Non-major governmental funds	144,127	-	144,127
<b>Total governmental funds</b>	<b>2,596,662</b>	<b>23,818,494</b>	<b>26,415,156</b>
<b>Proprietary funds</b>	<b>106,846</b>	<b>-</b>	<b>106,846</b>
<b>Fiduciary funds</b>	<b>106,360</b>	<b>-</b>	<b>106,360</b>
<b>Total</b>	<b>\$ 2,809,868</b>	<b>\$ 23,818,494</b>	<b>\$ 26,628,362</b>

At August 31, 2025, the net carrying amount of the District’s cash and deposits was \$2,809,868 and the bank balance was \$2,960,067. At August 31, 2025, the District’s combined deposits were fully insured by FDIC insurance or collateralized with securities held by the Bank’s agent in the District’s name.

The Public Funds Investment Act (“the Act”) and Board policy governs the District’s investment policies. The Act contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools and (9) guaranteed investment contracts.

The District’s cash equivalents and investments at August 31, 2025 are as shown below:

<b>Investment Type:</b>	<b>Rating</b>	<b>Value at August 31, 2025</b>	<b>Fair Value Measurements Using:</b>			<b>Percent of Portfolio</b>	<b>WAM (Days/Years)</b>
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>		
Cash in Bank		\$ 2,809,868				11%	
<i>Cash equivalents measured at amortized costs:</i>							
LoneStar	AAA/AAAm	377,160				1%	< 365 days
TexSTAR	AAAm	23,441,334				88%	< 365 days
<b>Cash and cash equivalents - subtotal</b>		<b>26,628,362</b>					
<b>Total cash &amp; investments</b>		<b>\$ 26,628,362</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100%</b>	

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Lone Star Investment Pool (LoneStar) and Texas Short Term Asset Reserve Program (TexSTAR) are local government investment “pools” organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investments in LoneStar and TexSTAR are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following investment risks at year end and if so, the reporting of certain related disclosures:

**1) Credit Risk**

State law and the District’s investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2025, the District’s investments in LoneStar and TexSTAR are rated AAA by Standard and Poor’s.

As of August 31, 2025, the District was not exposed to credit risk.

**2) Custodial Credit Risk**

To control custody risk, State law and the District’s Investment Policy require collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the District and held in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

As of August 31, 2025, the District was not exposed to custodial credit risk.

**3) Concentration of Credit Risk**

The District’s investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

As of August 31, 2025, the District was not exposed to concentration of credit risk.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**4) Interest Rate Risk**

The risk that changes in interest rates may adversely affect the value of investments. The District monitors interest rate risk utilizing weighted average maturity and specific identification. To limit interest and market rate risk from changes in interest rates, the District’s Investment Policy sets a maximum maturity as follows:

- CD’s and Commercial Paper are limited to a stated maturity of one year.
- Repurchase agreements are limited to a maximum maturity of three months.
- Municipal obligations of the State of Texas or any other state or political subdivision and no-load mutual funds must have a stated maturity less than two years.
- Obligations of the U.S. government, its agencies, and instrumentalities excluding mortgage backed securities, or guaranteed by governmental entities not to exceed two years to stated maturity in the operating and debt service funds and not to exceed three years in bond funds (2256.009).
- Banker’s Acceptances is limited to mature in 270 days or less.

As of August 31, 2025 the District was not exposed to interest rate risk.

**B. Receivables and Unearned Revenue**

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Property taxes delinquent:</b>				
Property taxes	\$ 592,001	\$ 197,956	\$ -	\$ 789,957
<b>Subtotal - property taxes receivables</b>	<b>592,001</b>	<b>197,956</b>	<b>-</b>	<b>789,957</b>
Less: allowance for uncollectibles	(189,097)	(46,519)	-	(235,616)
<b>Net property taxes receivables</b>	<b>\$ 402,904</b>	<b>\$ 151,437</b>	<b>\$ -</b>	<b>\$ 554,341</b>
<b>Due from other governments:</b>				
Due from state	\$ 1,186,437	\$ -	\$ -	\$ 1,186,437
Due from federal	-	-	51,743	51,743
<b>Net due from other governments</b>	<b>\$ 1,186,437</b>	<b>\$ -</b>	<b>\$ 51,743</b>	<b>\$ 1,238,180</b>
<b>Other receivables:</b>				
Other receivables	\$ 6,513	\$ 2,459	\$ -	\$ 8,972
<b>Net other receivables</b>	<b>\$ 6,513</b>	<b>\$ 2,459</b>	<b>\$ -</b>	<b>\$ 8,972</b>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2025 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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Unearned revenue at August 31, 2025, for the District’s governmental funds is as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Delinquent property taxes receivable - General fund	\$ 402,904	\$ -
Delinquent property taxes receivable - Debt service fund	151,437	-
<b>Total deferred revenue</b>	<b>\$ 554,341</b>	<b>\$ -</b>

**Property Taxes**

Property taxes are considered available when collected within the current period. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and become past due, subject to interest and penalty, if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property securing payment of all taxes, penalties, and interest ultimately imposed. The tax rates assessed for the year ended August 31, 2025 to finance general fund operations and voter approved debt service principal and interest payments were \$0.6992 and \$0.29, respectively, per \$100 of assessed valuation for a total tax rate of \$0.98920.

The net assessed/appraised value for school tax purposes was \$412,270,926, upon which the current year’s total levy value was \$4,078,184.

Current tax collections for the year ended August 31, 2025 were 95% of the year-end adjusted levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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. The property taxes receivable allowance is approximately 30% of outstanding property taxes receivable at August 31, 2025.

**C. Interfund Receivables, Payables and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. District expenditures are paid from a centralized-pooled operating bank account maintained in the general fund. Since all cash transactions flow through this account, each District fund carries a receivable/payable balance with the general fund, which will be repaid within one year. At August 31, 2025, the District did not report any interfund balances.

Interfund transfers in the fund financial statements as of August 31, 2025 consisted of the following:

<b>Transfers from</b>	<b>Transfers to</b>	<b>Amount</b>
Capital projects fund	Debt service fund	\$ 86,755

The District transferred funds from the capital projects fund to the debt service fund to account for interest expenditures associated with the new debt issued in August 2025.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**D. Capital Assets**

Capital asset activity for the year ended August 31, 2025 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balances</b>
<u>Capital assets not being depreciated:</u>				
Land purchase and improvements	\$ 37,177	\$ -	\$ -	\$ 37,177
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b><u>37,177</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>37,177</u></b>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	30,123,599	796,284	-	30,919,883
Furniture and equipment	3,737,089	224,032	(5,250)	3,955,871
<b>Total capital assets being depreciated</b>	<b><u>33,860,688</u></b>	<b><u>1,020,316</u></b>	<b><u>(5,250)</u></b>	<b><u>34,875,754</u></b>
<u>Less accumulated depreciation for:</u>				
Buildings and Improvements	(12,178,532)	(731,956)	-	(12,910,488)
Furniture and Equipment	(2,660,317)	(239,166)	5,250	(2,894,233)
<b>Total accumulated depreciation</b>	<b><u>(14,838,849)</u></b>	<b><u>(971,122)</u></b>	<b><u>5,250</u></b>	<b><u>(15,804,721)</u></b>
<b>Capital assets, net</b>	<b><u>\$ 19,059,016</u></b>	<b><u>\$ 49,194</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,108,210</u></b>

Depreciation expense was charged to the following functions as follows:

<b>Expenditures:</b>	
Instruction	\$ 463,731
Instructional resources and media services	3,231
Curriculum and instructional staff development	317
School leadership	91,691
Guidance, counseling and evaluation services	17,588
Health services	6,998
Student (pupil) transportation	41,656
Food services	56,458
Extracurricular activities	55,682
General administration	51,450
Facilities maintenance and operations	165,145
Security and monitoring services	7,731
Data processing services	9,444
<b>Total depreciation expense</b>	<b><u>\$ 971,122</u></b>

**E. Long-Term Liabilities**

**General Obligation Bonds**

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated the District is in compliance with all significant limitations and restrictions as of August 31, 2025.

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Bonded debt as of August 31, 2025 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
Unlimited tax refunding bonds, series 2021	2.00-5.00%	02/15/42	11,915,000	\$ 10,450,000
Unlimited tax refunding bonds, series 2025	5.00%	02/15/55	23,140,000	23,140,000
				<u>\$ 33,590,000</u>

In June 2015, the District issued a Maintenance Tax Note, Series 2015 totaling \$345,000 for renovations and equipment. The tax note bears interest of 2.19% and matured August 15, 2025.

In August 2025, the District issued Unlimited Tax School Building Bonds, Series 2025 totaling \$23,140,000. The proceeds will be used to finance the acquisition, construction, and renovation of school facilities. The bonds were issued at a premium of \$562,310, with issuance costs paid from bond proceeds. The Series 2025 bonds bear interest at 5.00% and are due in annual installments ranging from \$210,000 to \$1,855,000 through February 15, 2055.

Long-term liability activity for the year ended August 31, 2025 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Unlimited tax refunding bonds, series 2013	\$ 680,000	\$ -	\$ (680,000)	\$ -	\$ -
Unlimited tax refunding bonds, series 2021	10,850,000	-	(400,000)	10,450,000	925,000
Unlimited tax refunding bonds, series 2025	-	23,140,000	-	23,140,000	-
<b>Sub-Total Bonds Payable</b>	<u>11,530,000</u>	<u>23,140,000</u>	<u>(1,080,000)</u>	<u>33,590,000</u>	<u>925,000</u>
Accumulated accretion on capital appreciation bonds	-	-	-	-	-
Premium on issuance of bonds	983,010	562,310	(62,970)	1,482,350	-
Maintenance tax notes, series 2019	-	-	-	-	-
<b>Total Long-Term Debt</b>	<u>12,513,010</u>	<u>23,702,310</u>	<u>(1,142,970)</u>	<u>35,072,350</u>	<u>925,000</u>
Other Liabilities:					
Maintenance tax notes, series 2019	38,000	-	(38,000)	-	-
Net pension liability	2,883,730	-	(491,831)	2,391,899	-
Net OPEB liability	1,667,860	627,582	-	2,295,442	-
Compensated absences	-	336,219	-	336,219	-
<b>Total Other Liabilities</b>	<u>4,589,590</u>	<u>963,801</u>	<u>(529,831)</u>	<u>5,023,560</u>	<u>-</u>
<b>Governmental activitied long-term liabilities</b>	<u>\$ 17,102,600</u>	<u>\$ 24,666,111</u>	<u>\$ (1,672,801)</u>	<u>\$ 40,095,910</u>	<u>\$ 925,000</u>

During each year while bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of general obligation bonds principal and interest through the debt service fund as the payments become due. Principal and interest expenditures for note and loan payables are accounted for in the general fund. Other long-term liabilities, such as net pension and net OPEB liabilities, are generally liquidated with resources from the general fund.

Debt service requirements at August 31, 2025 were as follows:

Fiscal Year Ending August 31,	General Obligation		Total Requirements
	Principal	Interest	
2026	\$ 925,000	\$ 1,378,469	\$ 2,303,469
2027	665,000	1,392,950	2,057,950
2028	695,000	1,365,175	2,060,175
2029	730,000	1,329,550	2,059,550
2030	765,000	1,292,175	2,057,175
2031-2035	4,350,000	5,945,650	10,295,650
2036-2040	5,035,000	5,250,375	10,285,375
2041-2045	5,445,000	4,379,150	9,824,150
2046-2050	6,560,000	2,957,500	9,517,500
2051-2055	8,420,000	1,094,250	9,514,250
<b>Total</b>	<u>\$ 33,590,000</u>	<u>\$ 26,385,244</u>	<u>\$ 59,975,244</u>

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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**Defeased Debt**

The District has defeased certain general obligation and other bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

At August 31, 2025, no previously refunded debt outstanding was considered defeased.

**Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue.

As of August 31, 2025, the District does not anticipate any arbitrage liability.

**F. Leases**

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities.

The District adopted GASB 87, which pertains to lease accounting; however, management determined that the implementation did not have a significant impact on the financial statements. Accordingly, no lease-related assets or liabilities were recognized in the disclosures.

**G. Subscription-Based Information Technology Arrangements**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). Under GASB 96, a SBITA is defined as a contract that conveys controls of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, with earlier application encouraged.

The District has entered into subscription based IT contracts, however, management determined that the impact of these arrangements is not material to the government-wide financial statements. Accordingly, no related assets or liabilities were recognized.

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**H. Defined Benefit Pension Plan**

*Plan Description.* The District participates in a multiple-employer cost-sharing defined benefit pension plan that has a special funding situation. The pension plan is administered by the TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund plan 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 plan’s Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

Components of the net pension liability of the pension plan as of August 31, 2024 are as follows:

Total pension liability	\$ 271,627,434,294
Less: plan fiduciary net position	(210,543,258,495)
<b>Net pension liability</b>	<b><u>\$ 61,084,175,799</u></b>
Net position as percentage of total pension liability	77.51%

*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% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule.

There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments 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 COLAs.

**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.

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**COLA** – A 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 the manner are determined by the Plan's actuary.

*Contributions.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% 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 pension plan 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 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	<b>Contribution Rates</b>	
	<b>2024</b>	<b>2025</b>
Member	8.25%	8.25%
Non-employer contributing entity (NECE) (State)	8.25%	8.25%
Employers	8.25%	8.25%
2025 Employer contributions		\$ 230,190
2025 Member contributions		\$ 673,209
2025 NECE on-behalf contributions		\$ 575,076

Contributors to the pension plan include active members, employers and the State of Texas as the only non-employer contributing entity. The State is 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).

The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

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- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% 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 a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.9% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

*Actuarial Assumptions.* The total pension plan liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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 investment rate of return	7.00%
Municipal bond rate as of August 2024*	3.87%
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

\* Source: 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.

The actuarial methods and assumptions that 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 please see the actuarial valuation report dated November 21, 2023.

*Discount Rate.* The 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 plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be to 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 future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. 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.

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

Asset Class	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	0.0%	4.0%	0.0%
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage			
Cash	2.0%	1.0%	0.0%
Asset allocation leverage	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			<u>-0.7%</u>
<b>Expected Return</b>	<b><u>100%</u></b>		<b><u>7.9%</u></b>
* Absolute return includes credit sensitive investments.			
** Target allocations are based on the FY2024 policy model.			
*** Capital market assumptions come from 2024 SAA study SMA survey (as of 12/31/2023)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

*Discount Rate Sensitivity Analysis.* The following table presents the Net Pension Liability of the pension plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 3,820,469	\$ 2,391,899	\$ 1,208,227

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2025, the District reported a net pension liability of \$2,391,899 for its proportionate share of the TRS 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	\$ 2,391,899
State's proportionate share that is associated with the District	6,233,512
<b>Total</b>	<b><u>\$ 8,625,411</u></b>

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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 District'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.

For the fiscal years ended August 31, 2025 and 2024, the District's proportion of the collective net pension liability was as follows:

<b>2025</b>	<b>2024</b>	
<b>Measurement Year</b>	<b>Measurement Year</b>	<b>Increase/(Decrease)</b>
<b>8/31/2024</b>	<b>8/31/2023</b>	
0.0039157422%	0.0041981590%	-0.0002824168%

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

- There were no changes in the actuarial assumptions and methods 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 \$(198,013) and revenue of \$745,009 for support provided by the State in the government-wide financial statements.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 131,838	\$ 18,675
Changes in actuarial assumptions	123,499	16,557
Net difference between projected and actual investment earnings	14,539	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	355,696	139,149
District contributions paid to TRS subsequent to the measurement date	230,190	-
<b>Total</b>	<b>\$ 855,762</b>	<b>\$ 174,381</b>

The District recognized \$230,190 as deferred outflows of resources related to pensions resulting from the District's 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.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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:

Year Ended August 31,	Pension Expense Amount
2026	\$ 204,665
2027	313,076
2028	23,887
2029	(81,656)
2030	(8,780)
Thereafter	-
	<b>\$ 451,192</b>

**I. Defined Other Post-Employment Benefit Plan (OPEB)**

*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 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/learningresources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 are as follows:

Total OPEB Liability	\$ 35,168,178,563
Less: Plan Fiduciary Net Position	(4,816,646,311)
<b>Net OPEB Liability</b>	<b>\$ 30,351,532,252</b>
Net Position as a Percentage of Total OPEB Liability	13.70%

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

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

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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

<b>TRS-CARE Monthly Premium Rates</b>		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
* or surviving spouse		

*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 school districts based upon active employee compensations. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school.

The actual District contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	<b>Contribution Rates</b>	
	<b>2024</b>	<b>2025</b>
Member	0.65%	0.65%
Non-employer contributing entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2025 Employer contributions		\$ 68,733
2025 Member contributions		\$ 53,041
2025 NECE on-behalf contributions		\$ 86,076

In addition to the District’s contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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.

*Additional Actuarial Methods and Assumptions:*

Valuation date	August 31, 2023, rolled forward to August 31, 2024
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary increases	2.95% to 8.95%, including inflation*
Ad hoc post-employment benefit changes	None
*Includes inflation at 2.30%	

*Discount Rate.* A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26% in the discount rate since the previous year. Since the plan is a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

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.

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

	<b>1% Decrease in Discount Rate (2.87%)</b>	<b>Current Single Discount Rate (3.87%)</b>	<b>1% Increase in Discount Rate (4.87%)</b>
District's proportionate share of the net OPEB liability	\$ 2,727,092	\$ 2,295,442	\$ 1,946,662

*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 health trend rates assumed.

	<b>1% Decrease in Healthcare Trend Rate</b>	<b>Current Single Healthcare Trend Rate</b>	<b>1% Increase in Healthcare Trend Rate</b>
District's proportionate share of the net OPEB liability	\$ 1,869,296	\$ 2,295,442	\$ 2,850,751

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* At August 31, 2025, the District reported a liability of \$2,295,442 for its proportionate share of the TRS’ net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

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	\$ 2,295,442
State's proportionate share that is associated with the District	2,876,157
<b>Total</b>	<b><u>\$ 5,171,599</u></b>

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 thru August 31, 2024.

For the fiscal years ended August 31, 2025 and 2024, the District's proportion of the collective net OPEB liability was as follows:

2025 Measurement Year 8/31/2024	2024 Measurement Year 8/31/2023	Increase/(Decrease)
0.0075628527%	0.0075338216%	0.0000290311%

*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. This change decreased the total OPEB liability.
- The tables used to model the impact of aging on the underlying claims were revised.
- There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$1,417,472.

For the year ended August 31, 2025, the District recognized OPEB expense of \$1,417,472 and revenue of \$(373,847) for support provided by the State.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 439,959	\$ 1,145,550
Changes in actuarial assumptions	293,789	748,976
Net difference between projected and actual investment earnings	-	6,428
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	172,612	169,143
District contributions paid to TRS subsequent to the measurement date	68,733	-
<b>Total</b>	<b><u>\$ 975,093</u></b>	<b><u>\$ 2,070,097</u></b>

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

The District recognized \$68,733 as deferred outflows of resources related to OPEB resulting from the District’s 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 employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31,	OPEB Expense Amount
2026	\$ (315,352)
2027	(211,389)
2028	(259,322)
2029	(215,722)
2030	(145,887)
Thereafter	(16,066)
	<b>\$ (1,163,738)</b>

**J. Medicare Part D – On Behalf Payments**

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 \$59,474, \$42,930 and \$42,829, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

**K. Health Care**

The District provides medical insurance coverage for its employees through the TRS-Active Care insurance provided by the TRS. This is a premium-based plan: payments are made on a monthly basis for all covered employees. The District contributes \$275 per month for each employee enrolled in the health insurance plan. Employees are able to choose from three types of coverage and are responsible for premiums in excess of the District subsidy, including dependent coverage.

**III. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; unemployment; injuries to employees; and natural disasters. For the year ended August 31, 2025, the District purchased commercial insurance to cover general liabilities, including workers’ compensation. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

Unemployment Compensation Pool

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

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that West Rusk County Consolidated ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year (August 31). The audit is accepted by the Fund’s Board of Trustees in February of the following year. The Fund’s audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Workers’ Compensation

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

The District is self-funded for workers’ compensation insurance. Claims Administrative Services, through its actuarial review of the workers’ compensation self-insurance program, projected an undiscounted liability of \$159,971 as of August 31, 2025. The accrued liability for workers’ compensation self-insurance of \$159,971 includes estimated incurred, but not reported, claims of \$63,001.

Because actual claims depend on such complex factors as inflation, changes in legal Doctrine and damages awarded, the process used in computing the liability does not result necessarily in an exact amount. The District has maintained a self-insured retention of \$250,000 per occurrence and no aggregate limit. The following is a summary of the changes in the balances of claims liabilities for workers’ compensation for the years ended August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Liability, beginning of period	\$ 93,878	\$ 98,419
Changes in the est. for current & prior period claims	112,524	5,539
Payments on claims	(46,431)	(10,080)
<b>Liability, end of period</b>	<b><u>\$ 159,971</u></b>	<b><u>\$ 93,878</u></b>

**B. Litigation and Contingencies**

The District is a party to various legal actions none of which the Administration, based on consultation with its legal counsel, believes will have a material effect on the financial condition of the District. Accordingly, no provisions for gains or losses have been recorded in the accompanying government-wide or fund financial statements for contingencies.

The District participates in state and federal grant programs governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. To the extent that the District has not complied with the rules and regulations governing the grants, if any, claims may be disallowed. Any disallowed claims, including amounts already collected, may constitute a liability of the District.

In the opinion of the Administration, no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants exist; therefore, no provision has been recorded in the accompanying government-wide or fund financial statements.

**WHITE RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**C. Construction and Other Significant Commitments**

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources.

If the school district allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at fiscal year are included in restricted, committed, or assigned fund balance, as appropriate.

At August 31, 2025, the District had no commitments under construction contracts.

**D. Related Organizations**

The West Rusk County Consolidated ISD Education Foundation ("Foundation"), a non-profit entity which was organized in 2009 to provide funds for District teaching and education programs, is a "related organization" as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District's financial statements.

**E. Excess Expenditures over Appropriations**

The TEA requires the budgets for the General, Child Nutrition Program, and Debt Service Funds to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended August 31, 2025, expenditures exceeded appropriations in the following functional category:

<b>Fund</b>	<b>Function</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Debt Service	72-Interest on Long-term Liabilities	\$ 300,350	\$ 387,125	\$ (86,775)

**F. Deficit Net Position**

The District's Workers' Compensation Internal Service Fund reported a deficit net position of \$53,125 at August 31, 2025. The deficit is primarily attributable to accrued workers' compensation claims incurred but not reported (IBNR) as of year end. The general fund may be required to provide funding for any deficit or shortage of the internal service fund.

**G. Subsequent Events**

In preparing the financial statements, the District has evaluated subsequent events through January 28, 2026, the date the financials were available to be issued. The District is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment to or disclosure in, the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 3,368,229	\$ 3,453,229	\$ 3,431,231	\$ (21,998)
5800 State Program Revenues	9,755,177	10,146,921	10,391,553	244,632
5900 Federal Program Revenues	115,000	29,000	28,807	(193)
5020 Total Revenues	13,238,406	13,629,150	13,851,591	222,441
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,577,929	6,752,937	6,750,506	2,431
0012 Instructional Resources and Media Services	101,791	53,794	50,942	2,852
0013 Curriculum and Instructional Staff Development	5,850	7,301	4,997	2,304
0023 School Leadership	1,442,242	1,446,244	1,445,775	469
0031 Guidance, Counseling, and Evaluation Services	83,903	129,906	127,335	2,571
0033 Health Services	110,374	110,376	110,351	25
0034 Student (Pupil) Transportation	733,051	773,051	656,827	116,224
0036 Extracurricular Activities	902,846	922,849	877,988	44,861
0041 General Administration	813,700	811,701	811,262	439
0051 Facilities Maintenance and Operations	2,093,256	2,633,266	2,563,154	70,112
0052 Security and Monitoring Services	109,179	125,169	121,907	3,262
0053 Data Processing Services	145,221	150,222	148,913	1,309
Debt Service:				
0071 Principal on Long-Term Liabilities	38,000	38,000	37,800	200
0072 Interest on Long-Term Liabilities	833	833	792	41
Intergovernmental:				
0099 Other Intergovernmental Charges	104,800	97,800	96,899	901
6030 Total Expenditures	13,262,975	14,053,449	13,805,448	248,001
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,569)	(424,299)	46,143	470,442
<b>OTHER FINANCING SOURCES (USES):</b>				
8949 Other (Uses)	-	-	(6,953)	(6,953)
1200 Net Change in Fund Balances	(24,569)	(424,299)	39,190	463,489
0100 Fund Balance - September 1 (Beginning)	2,360,571	2,360,571	2,360,571	-
3000 Fund Balance - August 31 (Ending)	\$ 2,336,002	\$ 1,936,272	\$ 2,399,761	\$ 463,489

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.003915742%	0.004198159%	0.004090369%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,391,899	\$ 2,883,730	\$ 2,428,347
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	6,233,512	7,146,323	6,476,554
Total	<u>\$ 8,625,411</u>	<u>\$ 10,030,053</u>	<u>\$ 8,904,901</u>
District's Covered Payroll	\$ 8,017,538	\$ 7,917,493	\$ 7,620,755
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.83%	36.42%	31.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 for year 2025, August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.003740328%	0.00384444%	0.001044107%	0.001051993%	0.001106573%	0.00168781%	0.0020036%
\$ 952,529	\$ 2,058,982	\$ 542,759	\$ 579,043	\$ 353,822	\$ 637,798	\$ 708,246
3,030,865	6,798,367	6,091,817	6,577,000	3,933,347	4,827,515	4,744,910
<u>\$ 3,983,394</u>	<u>\$ 8,857,349</u>	<u>\$ 6,634,576</u>	<u>\$ 7,156,043</u>	<u>\$ 4,287,169</u>	<u>\$ 5,465,313</u>	<u>\$ 5,453,156</u>
\$ 7,406,024	\$ 6,753,161	\$ 6,634,576	\$ 7,156,043	\$ 4,287,169	\$ 5,465,313	\$ 5,453,156
12.86%	30.49%	8.18%	8.09%	8.25%	11.67%	12.99%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 230,190	\$ 220,639	\$ 215,775
Contribution in Relation to the Contractually Required Contribution	(230,190)	(220,639)	(215,775)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,168,086	\$ 8,017,538	\$ 7,917,493
Contributions as a Percentage of Covered Payroll	2.82%	2.75%	2.73%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

	2022	2021	2020	2019	2018	2017	2016
\$	190,869	\$ 159,595	\$ 158,621	\$ 36,545	\$ 35,439	\$ 36,267	53,626
	(190,869)	(159,595)	(158,621)	(36,545)	(35,439)	(36,267)	(53,626)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$	7,620,755	\$ 7,406,024	\$ 7,666,628	\$ 6,753,161	\$ 6,551,206	\$ 6,444,142	6,434,966
	2.50%	2.15%	2.07%	0.54%	0.54%	0.56%	0.83%

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.007562853%	0.007533822%	0.007584428%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,295,442	\$ 1,667,860	\$ 1,816,016
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,876,157	2,012,530	2,215,254
Total	<u>\$ 5,171,599</u>	<u>\$ 3,680,390</u>	<u>\$ 4,031,270</u>
District's Covered Payroll	\$ 8,017,538	\$ 7,917,493	\$ 7,620,755
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	28.63%	21.07%	23.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.007534941%	0.007959268%	0.007608178%	0.007573453%	0.007334664%
\$ 2,906,563	\$ 3,025,677	\$ 3,598,000	\$ 3,781,494	\$ 3,189,570
3,894,147	4,065,785	4,780,938	5,713,107	5,136,842
<u>\$ 6,800,710</u>	<u>\$ 7,091,462</u>	<u>\$ 8,378,938</u>	<u>\$ 9,494,601</u>	<u>\$ 8,326,412</u>
\$ 7,406,024	\$ 6,753,162	\$ 6,753,162	\$ 6,551,206	\$ 6,444,142
39.25%	44.80%	53.28%	57.72%	49.50%
6.18%	4.99%	2.66%	1.57%	0.91%

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 68,733	\$ 68,697	\$ 65,353
Contribution in Relation to the Contractually Required Contribution	(68,733)	(68,697)	(65,353)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,168,086	\$ 8,017,538	\$ 7,917,493
Contributions as a Percentage of Covered Payroll	0.84%	0.86%	0.83%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2022	2021	2020	2019	2018
\$	62,294	\$ 58,865	\$ 60,496	\$ 53,997	\$ 52,246
	(62,294)	(58,865)	(60,496)	(53,997)	(52,246)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	7,620,755	\$ 7,405,024	\$ 7,666,628	\$ 6,753,162	\$ 6,551,206
	0.82%	0.79%	0.79%	0.80%	0.80%

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Notes to Schedule of Revenue, Expenditures, and Changes in Fund Balance**

*Budgetary Information*

The District adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended August 31, 2025.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2025 was prepared for adoption for budgeted governmental fund types by August 31, 2024. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended August 31, 2025, expenditures exceeded appropriations in the following functional categories:

<b>Fund</b>	<b>Function</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Debt Service	72-Interest on Long-term Liabilities	\$ 300,350	\$ 387,125	\$ (86,775)

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability**

*Changes in Benefits*

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

*Changes of Assumptions*

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the net pension liability since the prior measurement period:

- There were no changes in the actuarial assumptions and methods 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.

**Notes to Schedule of the District's Proportionate Share of the Net OPEB Liability**

*Changes in Benefits*

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

*Changes of Assumptions*

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.

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## **COMPLIANCE SCHEDULES**

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FOR THE YEAR ENDED AUGUST 31, 2025

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.320000	343,097,353
2018	1.040000	0.320000	337,636,176
2019	1.040000	0.320000	349,487,941
2020	0.970000	0.320000	369,558,450
2021	0.956400	0.320000	311,043,873
2022	0.963400	0.320000	324,321,957
2023	0.854600	0.320000	430,513,281
2024	0.669200	0.320000	468,578,144
2025 (School year under audit)	0.699200	0.290000	412,270,926
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 219,170	\$	\$ 3,574	\$ 834	\$ (17,782)	\$ 196,980	
24,753		951	293	(903)	22,606	
29,897		1,581	487	(2,321)	25,508	
35,759		1,850	569	(1,838)	31,502	
41,981		3,386	1,117	(1,436)	36,042	
49,345		5,917	1,980	(1,438)	40,010	
69,658		9,301	3,089	(885)	56,383	
101,770		15,350	5,748	(1,889)	78,783	
175,997		25,724	12,301	(26,095)	111,877	
-	4,078,184	2,748,112	1,139,806	-	190,266	
<u>\$ 748,330</u>	<u>\$ 4,078,184</u>	<u>\$ 2,815,746</u>	<u>\$ 1,166,224</u>	<u>\$ (54,587)</u>	<u>\$ 789,957</u>	

\$ -

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 30,000	\$ 35,000	\$ 34,867	\$ (133)
5800 State Program Revenues	70,800	70,800	37,423	(33,377)
5900 Federal Program Revenues	983,560	878,560	816,968	(61,592)
5020 Total Revenues	1,084,360	984,360	889,258	(95,102)
EXPENDITURES:				
Current:				
0035 Food Services	1,046,901	1,046,902	890,223	156,679
6030 Total Expenditures	1,046,901	1,046,902	890,223	156,679
1200 Net Change in Fund Balances	37,459	(62,542)	(965)	61,577
0100 Fund Balance - September 1 (Beginning)	174,032	174,032	174,032	-
3000 Fund Balance - August 31 (Ending)	\$ 211,491	\$ 111,490	\$ 173,067	\$ 61,577

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,272,119	\$ 1,204,119	\$ 1,201,760	\$ (2,359)
5800 State Program Revenues	50,000	176,000	178,940	2,940
5020 Total Revenues	1,322,119	1,380,119	1,380,700	581
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	735,000	1,080,000	1,080,000	-
0072 Interest on Long-Term Liabilities	305,525	300,350	387,125	(86,775)
0073 Bond Issuance Cost and Fees	8,500	14,250	14,250	-
6030 Total Expenditures	1,049,025	1,394,600	1,481,375	(86,775)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	273,094	(14,481)	(100,675)	(86,194)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	86,775	86,775
1200 Net Change in Fund Balances	273,094	(14,481)	(13,900)	581
0100 Fund Balance - September 1 (Beginning)	1,198,123	1,198,123	1,198,123	-
3000 Fund Balance - August 31 (Ending)	\$ 1,471,217	\$ 1,183,642	\$ 1,184,223	\$ 581

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2025

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**Section A: Compensatory Education Programs**

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	1151730
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	680674

**Section B: Bilingual Education Programs**

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	74443
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	137293

**FEDERAL AWARDS SECTION**

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**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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  
WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
New London, Texas

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, each major fund, and the aggregate remaining fund information of West Rusk County Consolidated 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, and have issued our report thereon dated January 28, 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.

**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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-1.

**District's Response of Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Mays & Associates, PLLC

Baytown, Texas  
January 28, 2026



**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
New London, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited West Rusk County Consolidated 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

***Auditors' 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

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.

Mays & Associates  
Mays & Associates, PLLC

Baytown, Texas  
January 28, 2026

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?        yes   ✓   no

Significant deficiencies identified?        yes   ✓   none reported

Noncompliance material to financial statements noted:        yes   ✓   no

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified?        yes   ✓   no

Significant deficiencies identified?        yes   ✓   none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.51(a)?        yes   ✓   no

**Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:   \$  750,000  

Auditee qualified as low-risk auditee?   ✓   yes        no

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**II. FINANCIAL STATEMENT FINDINGS**

**2025-1 Excess Expenditures over Appropriations**

*Condition and Criteria :* State law mandates that district expenditures not exceed appropriations at the functional level.

*Cause and Effect:* Expenditures exceeded appropriations in one functional category due to year-end accounting entries related to the issuance of new debt. These transactions were recorded near fiscal year-end and caused actual expenditures to exceed the amended functional category budgets.

*Recommendation:* District personnel should continue to closely monitor expenditures throughout the year to ensure that any necessary budget amendments are presented to and approved by the Board of Trustees prior to August 31.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

None Noted.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2025**

**2025-1 Excess Expenditures over Appropriations**

*Recommendation:* The District should review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before August 31.

*Action taken:* When necessary, the District makes Board-approved budget amendments during the year. The District will continue to closely monitor expenditures to ensure that the final budget amendment adequately provides for all actual expenditures incurred during the fiscal year.

*Anticipated Completion Dates:* January 31, 2027.

Please contact Mindee Mata, Director of Business Operations, at 903-392-7850 with any questions regarding this corrective plan.

WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101201914	\$ 349,466
ESEA, Title V, Part B.2 - Rural & Low Income Prog.	84.358 B	25696001201914	35,626
Title III, Part A - English Language Acquisition	84.365 A	25671003201914	2,747
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	25694501201914	54,711
Title IV, Part A, Subpart 1	84.424 A	25680101201914	<u>30,641</u>
Total Passed Through Texas Education Agency			<u>473,191</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>473,191</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	00957	258,970
*National School Lunch Program - Cash Assistance	10.555	00957	508,706
*National School Lunch Prog. - Non-Cash Assistance	10.555	00957	<u>49,292</u>
Total Assistance Listing Number 10.555			<u>557,998</u>
Total Child Nutrition Cluster			<u>816,968</u>
Total Passed Through the Texas Department of Agriculture			<u>816,968</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>816,968</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,290,159</u>
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**WEST RUSK COUNTY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. The District utilizes the fund types specified in Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2025. The information in the SEFA is presented in accordance with the 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).

Because the SEFA 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 assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect cost rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. Under this basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal 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 prior to being earned, they are recorded as unearned revenues. Generally, unused balances are returned to the grantor at the close of specified project periods.

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Accordingly, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required, and the collectability of any related receivable at August 31, 2025 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards (Exhibit K-1)	\$ 1,290,159
Plus: School Health and Related Services (SHARS)	<u>28,807</u>
Total Federal Program Revenues (Exhibit C-3)	<u><u>\$ 1,318,966</u></u>

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

## SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

WEST RUSK COUNTY CISD

Fiscal Year 2025

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