

**Westwood Independent
School District**

ANNUAL FINANCIAL REPORT

August 31, 2025



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**Westwood Independent School District
Certificate of Board**

Westwood Independent School District
Name of School District

Anderson
County

001-908
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 2nd day of January, 2026.

Karen K Denison
Signature of Board Secretary


~~Signature of Board President~~
Vice President

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



CARR, RIGGS & INGRAM, L.L.C.

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Lufkin, TX 75901

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Westwood Independent School District
Palestine, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, proprietary fund, fiduciary funds and the aggregate remaining fund information of Westwood 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, proprietary fund, fiduciary funds and the aggregate remaining fund information of Westwood Independent School District, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles general accepted in the United States of America.

Basis for Opinion

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* that 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 judgement 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 judgement 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.
- Obtaining 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other post-employment benefit information be presented to supplement the basic financial statements. Such information, 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.

Other 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 introductory section, combining and individual nonmajor fund financial statements, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026, on our consideration of Westwood Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Westwood Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westwood Independent School District's internal control over financial reporting and compliance.


CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
February 2, 2026

Westwood Independent School District Management's Discussion and Analysis

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

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply a basis for tax levies and the appropriations budget. The fiduciary statement provides financial information about activities for which the District acts solely as trustee or agent for the benefit of those outside the District.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds in the Supplementary Information section contain additional information about the District's individual funds. The sections labeled Other Supplementary Information and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations is contained in the independent auditor's report. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, liabilities and deferred inflows and outflows at the end of the year while the Statement of Activities include all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The District's revenue are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues) and revenues provided by the taxpayers or by TEA in equalization funding process (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future year.

Westwood Independent School District Management's Discussion and Analysis (Continued)

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, one should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we present the District's one kind of basic activity.

Governmental activities - All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements, found in the independent auditor's report, provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants from the U.S. Department of Education. The District's administration establishes many other funds to help control and manage for particular purposes (such as campus activities).

Governmental funds - The District's basic services are reported in governmental funds. These use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the difference between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Westwood Independent School District Management's Discussion and Analysis (Continued)

Net Position of the District's governmental activities increased from \$22,742,553 to \$23,102,190. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$(8,884,161) at August 31, 2025. Although the district reports a deficit, the deficit is primarily due to reporting the Districts' proportionate share of the net OPEB liability and the new bond issue that is restricted for construction. The total district liability is reported in the 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 TRS-Care plan is funded on a pay-as-you-go basis.

The District's total revenues were \$26,415,258. The cost of all governmental programs and services this year was \$25,968,190 compared to \$25,074,703 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through the District taxes was only 6,945,026 because some of the consists were paid by those who directly benefitted from the programs \$244,699, by other governments and organizations that subsidized certain programs with grants and contributions \$4,763,345, by State equalization funding \$13,515,424, or by investment earning and other miscellaneous revenue \$946,764.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on the balance sheet in the independent auditor's report) reported a combined fund balance of \$11,862,114, which is less than last year's total of \$24,000,945. Included in this year's total change in fund balance is a decrease of \$661,259 in the District's general fund. The District's General Fund balance of \$8,824,569 reported in the audit differs from the General Fund's budgetary fund balances of \$9,271,129 reported in the budgetary comparison schedule. This is primarily because of large transfer to the capital project fund.

Over the course of the year, the Board of Trustees revised the District's budget several times primarily due to the actual revenue realized and costs incurred by the District being higher or lower than original estimates. The most significant budget amendments were for architectural services and bus purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of the fiscal year 2025, the District had \$56,887,948 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The total accumulated depreciation was \$21,817,149. See Table III.

This year's major additions included Junior High Project and administration and transportation building, .

DEBT

The District has bonds outstanding of \$33,595,000 and leases outstanding of \$74,453. See Notes for further details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected officials considered many factors when setting the fiscal-year 2026 budget and tax rates. One of those factors is the community the District serves. In the fiscal year 2025-2026 the taxable base of the District increased slightly compared to the previous fiscal year. The increase was due to a slightly increase in taxable property values in the area.

Westwood Independent School District Management's Discussion and Analysis (Continued)

Other factors considered include the State property tax rules, which interact with the TEA Foundation revenue rules to calculate a substantial part of the funding received for the operation of most school functions. Additionally, the District expects enrollment to remain stable next year.

The District's maintenance and operating property tax rate for the fiscal year ended August 31, 2025, was \$1.0016 per \$100 property valuation. The District's budgeted expenditures for 2025-2026 are \$21,207,498.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Westwood Independent School District, 4524 West Oak, Palestine, Texas 75802.

**Table 1
The District's Net Position**

	GOVERNMENTAL ACTIVITIES		AMOUNT OF	
	2025	2024	CHANGE	% CHANGE
<i>Governmental Activities</i>				
Current and Other Assets	16,868,599	29,260,372	(12,391,773)	-42.35%
Capital assets, net	56,887,948	45,404,361	11,483,587	25.29%
TOTAL ASSETS	73,756,547	74,664,733	(908,186)	-1.22%
Deferred Outflows	5,324,304	5,880,629	(556,325)	-9.46%
TOTAL DEFERRED OUTFLOWS	5,324,304	5,880,629	(556,325)	-9.46%
Current liabilities	5,041,552	5,277,851	(236,299)	-4.48%
Long term liabilities	45,434,816	46,327,634	(892,818)	-1.93%
TOTAL LIABILITIES	50,476,368	51,605,485	(1,129,117)	-2.19%
Deferred Inflows	5,502,293	6,197,324	(695,031)	-11.22%
TOTAL DEFERRED INFLOWS	5,502,293	6,197,324	(695,031)	-11.22%
Net Position:				
Invested in capital assets	28,948,806	27,475,433	1,473,373	5.36%
Restricted	3,037,545	14,515,117	(11,477,572)	-79.07%
Unrestricted	(8,884,161)	(19,247,997)	10,363,836	-53.84%
TOTAL NET POSITION	23,102,190	22,742,553	359,637	1.58%

Westwood Independent School District Management's Discussion and Analysis (Continued)

Table 2
Summary of Activities and Changes in Net Position

	GOVERNMENTAL ACTIVITIES		AMOUNT OF	
	2025	2024	CHANGE	% CHANGE
Program Revenues:				
Charges for services	244,699	276,153	(31,454)	-11.39%
Operating grants/contributions	4,763,345	6,298,959	(1,535,614)	-24.38%
General Revenues:				
Property taxes	6,945,026	6,818,337	126,689	1.86%
State aid - Formula	13,515,424	13,208,764	306,660	2.32%
Investment earnings	921,330	1,733,918	(812,588)	-46.86%
Other general revenues	25,434	72,755	(47,321)	-65.04%
TOTAL REVENUES/CONTRIBUTIONS	26,415,258	28,408,886	(1,993,628)	-7.02%
Expenses:				
Instruction	11,322,435	11,056,945	265,490	2.40%
Instructional Resources and Media Services	101,823	116,776	(14,953)	-12.80%
Curriculum and staff development	899,588	705,146	194,442	27.57%
Instructional Leadership	140,178	116,453	23,725	20.37%
School Leadership	1,542,910	1,608,658	(65,748)	-4.09%
Guidance, Counseling, & Evaluation Services	783,968	501,728	282,240	56.25%
Health Services	290,857	287,744	3,113	1.08%
Student Transportation	1,295,338	1,193,809	101,529	8.50%
Food Services	1,363,251	1,304,992	58,259	4.46%
Cocurricular/Extracurricular Activities	1,414,956	1,417,325	(2,369)	-0.17%
General Administration	1,231,336	1,083,257	148,079	13.67%
Plant Maintenance and Operations	2,755,483	2,755,884	(401)	-0.01%
Security and Monitoring Services	523,311	555,738	(32,427)	-5.83%
Data Processing Services	806,878	683,040	123,838	18.13%
Community Services	-	9,531	(9,531)	-100.00%
Debt Service	940,819	905,113	35,706	3.94%
Capital Outlay	334,032	47,164	286,868	608.24%
Payments to Shared Service Arrangements	59,141	555,831	(496,690)	-89.36%
Other Intergovernmental Charges	161,886	169,569	(7,683)	-4.53%
TOTAL EXPENSES	25,968,190	25,074,703	893,487	3.56%
 CHANGE IN NET POSITION	 447,068	 3,334,183	 (2,887,115)	 -86.59%

Table 3
Summary of the District's Capital Assets

	GOVERNMENTAL ACTIVITIES		AMOUNT OF	
	2025	2024	CHANGE	% CHANGE
<i>Governmental Activities</i>				
Land	1,119,847	1,119,847	-	0.00%
Construction in progress	42,726,398	30,279,497	12,446,901	41.11%
Buildings and improvements	26,049,514	25,898,562	150,952	0.58%
Equipment	5,565,617	5,457,408	108,209	1.98%
Vehicles	2,734,853	2,734,853	-	0.00%
Capital lease assets	136,898	98,763	38,135	38.61%
Right of use assets	371,970	371,970	-	0.00%
SUBTOTAL	78,705,097	65,960,900	12,744,197	19.32%
Less accumulated depreciation	(21,817,149)	(20,556,539)	(1,260,610)	6.13%
NET CAPITAL ASSETS	56,887,948	45,404,361	11,483,587	25.29%

Westwood Independent School District
Statement of Net Position
Exhibit A-1

Data Control Codes		GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and Cash Equivalent	\$ 14,390,041
1220	Property Taxes - Delinquent	570,274
1230	Allowance for Uncollectible Taxes	(28,514)
1240	Due from Other Government	1,927,381
1290	Other receivables	417
1410	Prepaid Expenses	9,000
	Capital Assets	
1510	Land	1,119,847
1520	Building, Net	10,514,631
1530	Furniture and equipment, Net	2,433,454
1550	Right of use assets, net	17,485
1540	Capital leased assets, net	76,133
1580	Construction in process	42,726,398
1000	TOTAL ASSETS	<u>73,756,547</u>
	DEFERRED OUTFLOWS	
	Deferred Outflows related to pension	2,570,095
	Deferred Outflows related to OPEB	2,754,209
1700	TOTAL DEFERRED OUTFLOWS	<u>5,324,304</u>
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	3,290,559
2140	Interest Payable	49,051
2150	Accrued Liabilities	16,421
2160	Accrued Wages Payable	832,533
	Noncurrent Liabilities	
2501	Due within one Year	852,988
2502	Due in more than one year	32,920,966
2516	Bond Premium	3,621,396
2540	Net Pension Liability	4,939,511
2545	Net OPEB Liability	3,952,943
2000	TOTAL LIABILITIES	<u>50,476,368</u>
	DEFERRED INFLOWS	
	Deferred Inflows: Pension	1,488,692
	Deferred Inflows: OPEB	4,013,601
2600	TOTAL DEFERRED INFLOWS	<u>5,502,293</u>
	NET POSITION	
3200	Net investment in capital assets	28,948,806
3820	Restricted for Federal and State Programs	99,174
3850	Restricted for Debt Service	1,016,167
3860	Restricted for capital projects	1,922,204
3900	Unrestricted	(8,884,161)
3000	TOTAN NET POSITION	<u>\$ 23,102,190</u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District

Statement of Activities

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Government Activities:				
0011	Instruction	\$ 11,322,435	\$ 105,048	\$ 2,110,895	\$ (9,106,492)
0012	Instructional Resources and Media Services	101,823	-	-	(101,823)
0013	Curriculum and Staff Development	899,588	-	285,514	(614,074)
0021	Instructional Leadership	140,178	-	19,202	(120,976)
0023	School Leadership	1,542,910	-	212,824	(1,330,086)
0031	Guidance, Counseling, & Evaluation Services	783,968	-	116,731	(667,237)
0032	Social Work Services	-	-	-	-
0033	Health Services	290,857	-	-	(290,857)
0034	Student Transportation	1,295,338	-	189,355	(1,105,983)
0035	Food Services	1,363,251	27,324	1,179,155	(156,772)
0036	Cocurricular/Extracurricular Activities	1,414,956	39,529	101,019	(1,274,408)
0041	General Administration	1,231,336	72,798	105,284	(1,053,254)
0051	Plant Maintenance and Operations	2,755,483	-	136,827	(2,618,656)
0052	Security and Monitoring Services	523,311	-	56,000	(467,311)
0053	Data Processing Services	806,878	-	42,370	(764,508)
0071	Debt service	940,819	-	208,169	(732,650)
0081	Capital Outlay	334,032	-	-	(334,032)
0093	Payments to Fiscal agent for SSA	59,141	-	-	(59,141)
0099	Other Intergovernmental Payments	161,886	-	-	(161,886)
TG	Total Government Activities	<u>\$ 25,968,190</u>	<u>\$ 244,699</u>	<u>\$ 4,763,345</u>	<u>\$ (20,960,146)</u>
	GENERAL REVENUE				
MT	Property Taxes, levied for general purposes				5,234,362
DT	Property Taxes, levied for debt service				1,710,664
GC	Grants and contributions not restricted				13,515,424
IE	Investment Income				921,330
MI	Miscellaneous local and intermediate revenue				25,434
TR	TOTAL GENERAL REVENUES				<u>21,407,214</u>
CN	Change in Net Position				447,068
PP	Prior Period Adjustment				(87,431)
NB	Net Position - Beginning				22,742,553
NE	NET Position - ENDING				<u>\$ 23,102,190</u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District

Balance Sheet - Governmental Funds

Exhibit C-1

Data Control Codes		10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalent	7,241,315	5,730,308	1,012,333	13,983,956
1220	Property Taxes - Delinquent	489,200	-	81,074	570,274
1230	Allowance for Uncollectible Taxes	(24,460)	-	(4,054)	(28,514)
1240	Due from Other Governments	1,782,844	-	144,537	1,927,381
1260	Due from Other Funds	940,763	-	283,702	1,224,465
1410	Prepaid Expenditures	9,000	-	-	9,000
1000	TOTAL ASSETS	10,438,662	5,730,308	1,517,592	17,686,562
	LIABILITIES				
	Current Liabilities:				
2110	Accounts Payable	300,401	2,688,104	220,764	3,209,269
2150	Other Accrued Expenses	16,419	-	2	16,421
2160	Accrued Wages Payable	832,533	-	-	832,533
2170	Due to Other Funds	-	1,120,000	104,465	1,224,465
2000	TOTAL LIABILITIES	1,149,353	3,808,104	325,231	5,282,688
	DEFERRED INFLOWS				
2600	Unavailable Revenue	464,740	-	77,020	541,760
	TOTAL LIABILITIES AND DEFERRED INFLOWS	1,614,093	3,808,104	402,251	5,824,448
	FUND BALANCES				
3430	Non-spendable - prepaid	9,000	-	-	9,000
	Restricted Fund Balances:				
3450	Federal/State Grants	-	-	99,174	99,174
3470	Capital acquisitions and oblig	-	1,922,204	-	1,922,204
3480	Retirement of Long-Term Debt	-	-	1,016,167	1,016,167
3600	Unassigned	8,815,569	-	-	8,815,569
3000	TOTAL FUND BALANCE	8,824,569	1,922,204	1,115,341	11,862,114
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCE	10,438,662	5,730,308	1,517,592	17,686,562

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$ 11,862,114
Amounts Reported for Governmental Activities in the Statement of Net Position ("SNP") was Different Because:	
Capital assets used in governmental activities are not reported in the funds.	56,887,948
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	541,760
The assest and liabilities of internal service funds are included in governmental activities in the SNP.	325,212
Debt and related activity (premium and accrued interest) are not reported in the funds	(33,823,005)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,939,511)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,570,095
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,488,692)
Recognition of the District's proportionate share of the net OPEB liability is not reported I nthe funds.	(3,952,943)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,754,209
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,013,601)
Bond premiums are amortized in the SNA but not in the funds.	<u>(3,621,396)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u><u>\$ 23,102,190</u></u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Exhibit C-2

Data Control Codes		10 General Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
	REVENUES				
5700	Local and Intermediate Sources	5,780,199	479,469	1,899,757	8,159,425
5800	State Program Revenues	13,330,266	-	260,290	13,590,556
5900	Federal Program Revenues	69,645	-	2,189,026	2,258,671
5020	TOTAL REVENUES	19,180,110	479,469	4,349,073	24,008,652
	EXPENDITURES				
0011	Instruction	9,096,268	-	798,129	9,894,397
0012	Instructional Resources and Media Services	101,823	-	-	101,823
0013	Curriculum and Staff Development	623,581	-	185,765	809,346
0021	Instructional Leadership	122,806	-	-	122,806
0023	School Leadership	1,236,257	-	135,972	1,372,229
0031	Guidance, Counseling, & Evaluation Services	678,152	-	2,212	680,364
0033	Health Services	290,857	-	-	290,857
0034	Student Transportation	906,152	-	97,644	1,003,796
0035	Food Services	26,792	-	1,285,115	1,311,907
0036	Cocurricular/Extracurricular Activities	1,171,797	-	-	1,171,797
0041	General Administration	1,093,048	-	-	1,093,048
0051	Plant Maintenance and Operations	2,155,647	-	-	2,155,647
0052	Security and Monitoring Services	438,921	-	-	438,921
0053	Data Processing Services	710,932	-	-	710,932
0071	Debt service	-	-	1,836,700	1,836,700
0081	Capital Outlay	87,309	12,844,577	-	12,931,886
0093	Payments to related SSA	59,141	-	-	59,141
0099	Intergovernmental Payments	161,886	-	-	161,886
6030	TOTAL EXPENDITURES	18,961,369	12,844,577	4,341,537	36,147,483
;1100	Excess (Deficiency) of revenues over expenditures	218,741	(12,365,108)	7,536	(12,138,831)
	OTHER FINANCING SOURCES (USES)				
7915	Transfers In	-	880,000	-	880,000
8911	Transfers Out	(880,000)	-	-	(880,000)
	TOTAL OTHER FINANCING SOURCES (USES)	(880,000)	880,000	-	-
1200	Net Change in Fund Balances	(661,259)	(11,485,108)	7,536	(12,138,831)
0100	Fund Balances - Beginning	9,485,828	13,407,312	1,107,805	24,000,945
3000	FUNDING BALANCES - ENDING	8,824,569	1,922,204	1,115,341	11,862,114

The accompanying notes are an integral part of this statement.

Westwood Independent School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Exhibit C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (12,138,831)
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	12,801,229
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,317,642)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(27,571)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	874,030
The net revenue (expense) of internal service funds is reported with governmental activities.	30,487
The SOA recognizes the District's OPEB expense and the change in related deferred balances from the funds.	444,007
The SOA recognizes the District's pension expense and the change in related deferred balances from the funds.	(223,419)
Debt proceeds and accrued interest	<u>4,778</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u><u>\$ 447,068</u></u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Fund Net Position - Proprietary Funds
Exhibit D-1

DATA CONTROL CODES		INTERNAL SERVICE FUND
	ASSETS	
1110	Cash and investments	\$ 406,085
1290	Other receivables	417
1000	TOTAL ASSETS	<u>406,502</u>
	LIABILITIES	
2110	Accounts payable	81,290
2000	TOTAL LIABILITIES	<u>81,290</u>
	NET POSITION	
3900	Unrestricted net position	325,212
3000	TOTAL NET POSITION	<u>\$ 325,212</u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
Exhibit D-2

DATA CONTROL CODES		INTERNAL SERVICE FUND
	Revenues:	
5700	Local and intermediate sources	\$ 120,148
5020	TOTAL REVENUES	<u>120,148</u>
	Expenses:	
6143	Workers Comp Claims	47,350
6143	Workers Comp Fixed Costs	<u>42,311</u>
6030	TOTAL EXPENSES	<u>89,661</u>
1300	CHANGE IN NET POSITION	30,487
100	Total net position - Beginning	<u>294,725</u>
3000	TOTAL NET POSITION - ENDING	<u><u>\$ 325,212</u></u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Cash Flows - Proprietary Funds
Exhibit D-3

	INTERNAL SERVICE FUND
Cash Flows from Operating Activities:	
Cash receipts from Quasi interfund transfers	\$ 120,148
Cash payments for claims	(47,350)
Cash payments for administration/reinsurance	(42,728)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	<u>30,070</u>
 NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	 30,070
 Cash and investments - Beginning	 <u>376,015</u>
 CASH AND INVESTMENTS - ENDING	 <u><u>406,085</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
 Operating income (loss)	 30,487
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Increase (decrease) in receivables	(417)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 30,070</u></u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Fiduciary Net Position - Fiduciary Funds
Exhibit E-1

	PRIVATE PURPOSE TRUSTS	AGENCY FUND STUDENT ACTIVITY
ASSETS		
Cash and cash equivalents	\$ 4,358	\$ 181,381
TOTAL ASSETS	<u>4,358</u>	<u>181,381</u>
NET POSITION		
Restricted net position	<u>4,358</u>	<u>181,381</u>
TOTAL NET POSITION	<u>4,358</u>	<u>181,381</u>

The accompanying notes are an integral part of this statement.

Westwood Independent School District
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Exhibit E-2

	PRIVATE PURPOSE TRUSTS	AGENCY FUND STUDENT ACTIVITY
Additions:		
Local and intermediate sources	\$ 6,678	\$ 129,484
TOTAL ADDITIONS	6,678	129,484
Deductions:		
Scholarship payments	5,500	129,090
TOTAL DEDUCTIONS	5,500	129,090
CHANGE IN NET POSITION	1,178	394
Beginning net position	3,180	180,987
ENDING NET POSITION	\$ 4,358	\$ 181,381

The accompanying notes are an integral part of this statement.

Westwood Independent School District

Notes to the Financial Statements

Note A: Summary of Significant Accounting Policies

The basic financial statements of the Westwood Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide (Guide)*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency 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 in its Statement No. 14, "The Financial Reporting Entity."

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units reported at year end.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Basis of Presentation - Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position (SNP) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Westwood Independent School District Notes to the Financial Statements (Continued)

Note A: Summary of Significant Accounting Policies (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Capital Projects Fund - This fund accounts for resources segregated for construction and maintenance of school buildings and equipment.

In addition, the District reports the following fund types:

Debt Service Fund - This fund is used to account for accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of the District.

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

Internal Service Funds - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District utilizes this type of fund for workers compensation insurance and instructional device insurance.

Fiduciary Funds - These funds are used to account for assets held by the District in as a custodian for individuals, private organizations, or other governments. These include private purpose (Orange and White scholarship) funds and custodial funds. Scholarship funds accumulate contributions and other sources of revenue which are subsequently awarded to worthy recipients.

Measurement Focus - Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements - These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Westwood Independent School District

Notes to the Financial Statements (Continued)

Note A: Summary of Significant Accounting Policies (Continued)

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB Standards.

Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

Westwood Independent School District Notes to the Financial Statements (Continued)

Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fund Equity

Governmental Funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent endowment fund).

Restricted fund balance - represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance - represents amounts that can only be used for specific purposes imposed by a formal action of the district's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance - represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance - represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES
Land improvements	15
Buildings	50
Building improvements	15
Vehicles (other than buses)	5
Buses	10
Computer equipment	5
Office and other equipment	7

Land and construction in progress are not depreciated.

Westwood Independent School District

Notes to the Financial Statements (Continued)

Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources and represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions and other post-employment benefits on the government-wide Statement of Net Position and overpayments of formula funds from TEA. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources.

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. See additional disclosure on Note 13.

There are no significant receivables which are not scheduled for collection within one year of year end.

Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of government-wide statement of net position.

Vacation, Sick Leave and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

Westwood Independent School District

Notes to the Financial Statements (Continued)

Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expenses, 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 term. There are no investments as this pay-as-you-go plan and all cash is held in a cash account.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note B: DEPOSITS AND INVESTMENTS

The District's funds required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At August 31, 2025, the carrying amount of the District's deposits was \$14,575,780, and the bank balance was \$14,736,251. The District's cash deposits during the year ended August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Westwood Independent School District Notes to the Financial Statements (Continued)

Note B: DEPOSITS AND INVESTMENTS (Continued)

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2025 are shown below:

Investment or Investment Type	Weighted Average Maturity (Days)	Fair Value	Credit Rating
First Public/Lone Star Investment Pool:			AAAm
Government Overnight Fund	26	\$ 100,580	AAA
Corporate Overnight Fund	44	6,642,098	AAA
TOTAL REPORTING ENTITY		<u>\$ 6,742,678</u>	

Westwood Independent School District

Notes to the Financial Statements (Continued)

Note B: DEPOSITS AND INVESTMENTS (Continued)

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at August 31, 2025 and if so, the reporting of certain related disclosures:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2025, the District was not significantly exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. All deposits not covered by FDIC insurance were fully collateralized.

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.

Concentration of Credit Risk

District's investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from overconcentration of assets.

Interest Rate Risk

In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio.

Foreign Currency Risk

As of August 31, 2025, there are no foreign currency investments in the District's portfolio.

Note C: PROPERTY TAXES

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Westwood Independent School District Notes to the Financial Statements (Continued)

Note C: PROPERTY TAXES (Continued)

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowance for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting these criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$0.7575 to fund general operations and \$0.3193 to debt service. The rates were levied on property assessed totaling \$701,260,783.

Note D: CAPITAL ASSETS

Capital asset activities during the year were as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	TRANSFERS	ENDING BALANCES
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 1,119,847	\$ -	\$ -	\$ -	\$ 1,119,847
Construction in progress	30,279,497	12,597,853	-	(150,952)	42,726,398
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	31,399,344	12,597,853	-	(150,952)	43,846,245
Capital Assets Being Depreciated:					
Buildings and improvements	25,898,562	-	-	150,952	26,049,514
Equipment	5,457,408	108,209	-	-	5,565,617
Vehicles	2,734,853	-	-	-	2,734,853
Capital Lease Assets	98,763	95,167	(57,032)	-	136,898
Right of Use Assets	371,970	-	-	-	371,970
TOTAL CAPITAL ASSETS BEING DEPRECIATED	34,561,556	203,376	(57,032)	150,952	34,858,852
Less Accumulated Depreciation For:					
Buildings and improvements	(14,943,416)	(591,467)	-	-	(15,534,883)
Equipment	(4,081,083)	(311,312)	-	-	(4,392,395)
Vehicles	(1,219,138)	(255,483)	-	-	(1,474,621)
Capital Lease Assets	(82,409)	(35,388)	57,032	-	(60,765)
Right of Use Assets	(230,493)	(123,992)	-	-	(354,485)
TOTAL ACCUMULATED DEPRECIATION	(20,556,539)	(1,317,642)	57,032	-	(21,817,149)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	14,005,017	(1,114,266)	-	150,952	13,041,703
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 45,404,361	\$ 11,483,587	\$ -	\$ -	\$ 56,887,948

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 300,171
School leadership	535
Student (pupil) transportation	208,572
Food services	12,079
Cocurricular/extracurricular activities	151,768
General administration	727
Plant maintenance and operations	543,682
Security and monitoring	33,727
Data processing	66,381
TOTAL DEPRECIATION EXPENSE	<u>\$ 1,317,642</u>

Westwood Independent School District Notes to the Financial Statements (Continued)

Note E: LONG TERM OBLIGATIONS

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended August 31 are as follows:

	INTEREST RATE	AMOUNT ORIGINAL ISSUE	AMOUNT OUT- STANDING 8/31/2024	CURRENT YEAR (PAYMENT) Addition	AMOUNT OUT- STANDING 8/31/2025	CURRENT AMOUNT DUE
Building Bonds	3.0%-5.0%	35,570,000	34,285,000	(690,000)	33,595,000	730,000
Premium on 2022 Bond		4,023,774	3,755,522	(134,126)	3,621,396	
Capital Lease Payable:						
Cannon Financial Services	0.04%	41,731	10,142	(8,321)	1,821	1,821
Xerox printers	1.28%-2.65%	57,032	7,339	(7,339)	-	-
Xerox printers	3.64%-3.95%	87,028	-	(14,396)	72,632	16,663
Subscriptions Payable:						
Skyward	3.10%	213,672	71,202	(71,202)	-	-
ISCorp Cloud Hosting	3.10%	30,271	10,087	(10,087)	-	-
Frontline	3.10%	31,666	10,552	(10,552)	-	-
Linewize Content Filter	3.79%	20,618	6,869	(6,869)	-	-
Cardonex	3.68%	27,500	9,162	(9,162)	-	-
Microsoft Office 365	3.95%	36,390	12,124	(12,124)	-	-
Freshworks Subscriptions	3.72%	11,853	3,950	(3,950)	-	-
Accrued compensated absences *			87,431	17,073	104,504	104,504
TOTALS		40,151,535	38,269,380	(961,055)	37,395,353	852,988

*Restated for prior period adjustment

Debt Service Requirements

YEAR ENDING AUGUST 31,	GOVERNMENTAL ACTIVITIES			
	BONDS PAYABLE		LEASES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2026	730,000	1,107,300	18,487	2,369
2027	765,000	1,069,925	17,282	1,751
2028	805,000	1,030,675	17,922	1,004
2029	845,000	989,425	18,586	448
2030	890,000	946,050	2,176	8
2031-2035	5,105,000	4,069,775	-	-
2036-2040	5,965,000	3,213,225	-	-
2041-2045	6,905,000	2,267,925	-	-
2046-2050	8,020,000	1,150,500	-	-
2051-2052	3,565,000	107,775	-	-
TOTALS	33,595,000	15,952,575	74,453	5,580

The capital lease payable for Cannon is paid in monthly installments of \$696 and for Xerox, monthly installments ranging from \$257 to \$730 over the next 3 years.

The District issued the Unlimited Tax School Building Bonds, Series 2022 for capital projects, payments due in semiannual installments over 30 years.

Note F: RISK MANAGEMENT

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

Westwood Independent School District

Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION

Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. 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 increase to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2024 and 2025.

	CONTRIBUTION RATES	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Employer Contributions	\$ 531,678	
Member Contributions	\$ 952,091	
NECE On-behalf Contributions	\$ 663,038	

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

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

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

Actuarial Assumptions

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

Valuation Date	August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

The single discount rate used to measure the total pension liability was 7.00 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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.A.	18%	4.0%	1.0%
	Non-U.S. Developed	13%	4.5%	0.9%
	Emerging Markets	9%	4.8%	0.7%
	Private Equity*	14%	7.0%	1.5%
Stable Value	Government Bonds	16%	2.5%	0.5%
	Absolute Return*	- %	3.6%	- %
	Stable Value Hedge Funds	5%	4.1%	0.2%
Real Return	Real Estate	15%	4.9%	1.1%
	Energy, Natural Resources, and Infrastructure	6%	4.8%	0.4%
	Commodities	- %	4.4%	- %
Risk Parity	Risk Parity	8%	4.5%	0.4%
Asset Allocation Leverage	Cash	2%	3.7%	- %
	Asset Allocation Leverage	(6)%	4.4%	(0.1)%
	Inflation Expectation			2.3%
	Volatility Drag****			(0.9)%
Expected Return		100%		8.0%

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

For the fiscal year ended August 31, 2024, the annual money-weighted rate of return on pension plan investments was 7.00 percent. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (6.00%)	DISCOUNT RATE (7.00%)	1% INCREASE IN DISCOUNT RATE (8.00%)
District proportionate share of the net pension liability	\$ 7,889,714	\$ 4,939,551	\$ 2,495,131

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

At August 31, 2025, the District reported a liability of \$4,939,551 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,939,551
State's proportionate share that is associated with the District	7,186,972
TOTAL	<u>\$ 12,126,523</u>

The net pension liability was measured as of 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 thru August 31, 2024.

At August 31, 2024 the District's proportion of the collective net pension liability was 0.0081% which is a decrease of 0.0005% from its proportion measured as of August 31, 2023.

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

The total pension liability as of August 31, 2024 was developed using a roll-forward method from the August 31, 2023 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2024.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate decreased to 7.00 percent.

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

For the year ended August 31, 2025, the District recognized pension expense of \$858,963 and revenue of \$858,963 for support provided by the State.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 272,261	\$ 38,566
Changes in actuarial assumptions	255,040	34,192
Difference between projected and actual investment earnings	1,186,022	1,155,996
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	325,094	259,938
Contributions paid to TRS subsequent to the measurement date	531,678	-
TOTAL	<u>\$ 2,570,095</u>	<u>\$ 1,488,692</u>

The net 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	\$ 71,195
2027	\$ 591,801
2028	\$ 78,508
2029	\$ (176,892)
2030	\$ (14,887)
Thereafter	\$ -

Defined Other Post-Employment Benefit Plan

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 Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

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

TRS-Care Plan Premium Rates		
January 1, 2024 - December 31, 2024		
	Medicare	Non-Medicare
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 public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	CONTRIBUTION RATES	
	2024	2025
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Employer Contributions	\$ 131,941	
Member Contributions	\$ 75,012	
NECE On-behalf Contributions	\$ 148,231	

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2024; rolled forward from August 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Salary increases	2.95% to 8.95%, including inflation
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2021.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2019 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection, the ultimate improvement rates from the most recently published projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 7.75% for Medicare retirees and initial medical trend rate of 7.00% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Aging Factors	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Expenses	Based on plan specific experience.
	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2024 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability. There was a change of 0.24% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

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

	1% DECREASE IN DISCOUNT RATE (2.87%)	DISCOUNT RATE (3.87%)	1% INCREASE IN DISCOUNT RATE (4.87%)
District proportionate share of the net OPEB liability	\$ 4,696,281	\$ 3,952,943	\$ 3,352,315

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 4.25% rate is used.

	1% DECREASE IN DISCOUNT RATE (3.25%)	DISCOUNT RATE (4.25%)	1% INCREASE IN DISCOUNT RATE (5.25%)
District proportionate share of the net OPEB liability	\$ 3,219,085	\$ 3,952,943	\$ 4,909,233

OPEB Liability, 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 \$3,952,943 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 3,952,943
State's proportionate share that is associated with the District	4,952,984
TOTAL	<u>\$ 8,905,927</u>

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

At August 31, 2024, the employer's proportion of the collective Net OPEB Liability was 0.0130% which is a decrease of 0.0008% from measurement at August 31, 2023.

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

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. The discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change increased the TOL.
2. The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
3. The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.

Westwood Independent School District Notes to the Financial Statements (Continued)

NOTE G: OTHER INFORMATION (Continued)

4. The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
5. Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended August 31, 2025, the District recognized OPEB expense of \$643,797 and revenue of \$643,797 for support provided by the State.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 757,647	\$ 1,972,733
Changes in actuarial assumptions	505,930	1,289,800
Difference between projected and actual investment earnings	3,791	14,861
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,354,900	736,207
Contributions paid to TRS subsequent to the measurement date	131,941	-
TOTAL	<u>\$ 2,754,209</u>	<u>\$ 4,013,601</u>

The net 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	\$ (463,981)
2027	\$ (351,619)
2028	\$ (318,310)
2029	\$ (215,888)
2030	\$ (129,471)
Thereafter	\$ (23,361)

The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care received payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. For the fiscal years ended August 31, 2025, 2024 and 2023, the subsidy payments received by TRS-Care on behalf of the District were \$83,087, \$57,005 and \$53,584, respectively.

Westwood Independent School District Notes to the Financial Statements (Continued)

Note H: LITIGATION

The District does not appear to be involved in any litigation as of August 31, 2025.

Note I: COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the 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 combined financial statements for such contingencies.

Note J: JOINT VENTURE SHARED SERVICE ARRANGEMENT

The District participates in a shared service arrangement for special education services with five other school districts. Although a portion of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The District made payments to the fiscal agent of \$59,141.

Note K: WORKERS COMPENSATION COVERAGE

The District joined together with other school districts in the East Texas area to form the East Texas Educational Insurance Association, a public entity risk pool currently operating a workers' compensation risk management and insurance program for various member school districts. Total workers' compensation claims paid amounted to \$45,019 for current year claims and \$15,142 written off for claims incurred in prior years. When and if other schools in the Association exceed their annual loss fund maximums, the District will be required to pay a percentage share of the excess.

A reconciliation of changes in the liability for claims for the current and prior fiscal periods is presented below:

	YEAR ENDED August 31, 2025
Unpaid claims at September 1	\$ 81,290
Incurred claims (including IBNR)	45,296
Total payments	(45,019)
TOTAL UNPAID CLAIMS AT AUGUST 31	<u>\$ 81,567</u>

Westwood Independent School District Notes to the Financial Statements (Continued)

Note L: LOCAL AND INTERMEDIATE REVENUE SOURCES

During the year the District received revenue from local and intermediate sources consisting of the following:

	General	Debt Service	Capital Projects	Other Governmental	Total
Property tax collections	\$ 5,261,933	\$ 1,710,664	\$ -	\$ -	\$ 6,972,597
Investment income	398,251	43,610	479,469	-	921,330
Food service income	-	-	-	27,324	27,324
Tuition and fees	57,698	-	-	-	57,698
Gifts and bequests	2,125	-	-	118,159	120,284
Extracurricular activities	39,529	-	-	-	39,529
Miscellaneous	20,663	-	-	-	20,663
Total	\$ 5,780,199	\$ 1,754,274	\$ 479,469	\$ 145,483	\$ 8,159,425

Note M: INTERFUND BALANCES AND ACTIVITIES

Interfund Receivables and Payables

Interfund receivables and payables consists of the following at year end:

RECEIVABLE FUND	PAYABLE FUND	AMOUNT	REASON
General Fund	Capital project fund	\$ 1,120,000	Short-Term Loans
Other Governmental Funds	Other Governmental Funds	104,465	Short-Term Loans
TOTAL		<u>\$ 1,224,465</u>	

Note N: SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through February 2, 2026, the date which the financial statements were available for use.

Note O: PRIOR PERIOD ADJUSTMENT

The District implemented GASB 101, Accrued Compensated Absences, which required a prior period adjustment of \$87,431 to the government wide statement of activities.

Westwood Independent School District
General Fund - Budgetary Comparison Schedule
Exhibit G-1

	1	2	3	Variance With Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
Local and Intermediate Sources	\$ 5,745,000	\$ 6,332,135	\$ 5,780,199	\$ (551,936)
State Program Revenues	12,906,647	12,259,512	13,330,266	1,070,754
Federal Program Revenues	-	60,000	69,645	9,645
Total Revenues	18,651,647	18,651,647	19,180,110	528,463
EXPENDITURES:				
Instruction	9,364,928	9,038,527	9,096,268	(57,741)
Instructional Resources and Media Services	171,543	102,990	101,823	1,167
Curriculum and Staff Development	359,704	624,210	623,581	629
Instructional Leadership	195,158	123,658	122,806	852
School Leadership	1,327,940	1,237,450	1,236,257	1,193
Guidance, Counseling, & Evaluation Services	728,178	678,992	678,152	840
Health Services	228,771	284,885	290,857	(5,972)
Student Transportation	951,818	907,708	906,152	1,556
Food Services	60,000	27,824	26,792	1,032
Cocurricular/Extracurricular Activities	1,141,471	1,172,064	1,171,797	267
General Administration	946,160	1,094,121	1,093,048	1,073
Plant Maintenance and Operations	2,067,950	2,111,657	2,155,647	(43,990)
Security	450,030	439,952	438,921	1,031
Data Processing Services	632,696	711,467	710,932	535
Capital Outlay	100,000	87,515	87,309	206
Payments to fiscal agent of SSA	-	61,440	59,141	2,299
Intergovernmental Payments	140,000	161,886	161,886	-
Total Expenditures	18,866,347	18,866,346	18,961,369	(95,023)
Excess (deficiency) of revenues over expenditures	(214,700)	(214,699)	218,741	433,440
Other Financing Sources (Uses):				
Transfers Out	-	-	(880,000)	(880,000)
Total Other Financing Sources(Uses)	-	-	(880,000)	(880,000)
Net Change in Fund Balances	(214,700)	(214,699)	(661,259)	(446,560)
Fund Balances - Beginning	9,485,828	9,485,828	9,485,828	-
Fund Balances - Ending	\$ 9,271,128	\$ 9,271,129	\$ 8,824,569	\$ (446,560)

See independent auditor's report.

Westwood Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
Last Ten Fiscal Years
Exhibit G-2

DISTRICT'S PROPORTIONATE SHARE OF LIABILITY

<i>PLAN YEAR</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the NPL	0.0081%	0.0086%	0.0086%	0.0073%	0.0070%	0.0073%	0.0074%	0.0069%	0.0076%	0.0074%
District's proportionate share of the NPL	\$ 4,939,551	\$ 5,917,834	\$ 5,128,816	\$ 3,920,368	\$ 3,755,588	\$ 3,772,508	\$ 4,096,484	\$ 2,205,207	\$ 2,890,085	\$ 2,625,134
State share of the NPL associated with the district	7,186,972	7,882,094	7,530,839	3,625,819	8,079,681	7,283,733	8,241,668	5,002,695	6,294,058	6,203,378
TOTAL	<u>\$ 12,659,655</u>	<u>\$ 12,659,655</u>	<u>\$ 12,659,655</u>	<u>\$ 7,546,187</u>	<u>\$ 11,835,269</u>	<u>\$ 11,056,241</u>	<u>\$ 12,338,152</u>	<u>\$ 7,207,902</u>	<u>\$ 9,184,143</u>	<u>\$ 8,828,512</u>
District's covered-employee payroll	\$ 10,688,348	\$ 9,892,065	\$ 10,203,008	\$ 10,080,478	\$ 10,097,402	\$ 9,293,877	\$ 9,304,247	\$ 9,043,866	\$ 9,309,475	\$ 8,948,858
Proportionate share/covered payroll	46.21%	59.82%	50.27%	38.89%	37.19%	40.59%	44.03%	24.38%	31.04%	29.33%
Plan fiduciary net position/total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

** As of the measurement date.

See independent auditor's report.

**Westwood Independent School District
Schedule of the District Contributions
Teacher Retirement System
Last Ten Fiscal Years
Exhibit G-3**

DISTRICT CONTRIBUTIONS

<i>FISCAL YEAR</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (employer contributions)	\$ 539,093	\$ 455,603	\$ 442,937	\$ 334,492	\$ 315,011	\$ 289,466	\$ 249,889	\$ 244,478	\$ 226,039	\$ 242,997
Contributions to required contribution	(539,093)	(455,603)	(442,937)	(334,492)	(315,011)	(289,466)	(249,889)	(244,478)	(226,039)	(242,997)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Fiscal Year TRS Gross	\$ 11,535,540	\$ 10,688,348	\$ 9,892,065	\$ 10,203,008	\$ 10,080,478	\$ 10,097,402	\$ 9,293,877	\$ 9,304,247	\$ 9,043,866	\$ 9,309,475
Contributions to covered payroll	4.67%	4.26%	4.48%	3.28%	3.12%	2.87%	2.69%	2.63%	2.50%	2.61%

See independent auditor's report.

Westwood Independent School District
Schedule of the District's Proportionate Share of OPEB Liability and District's OPEB Contributions
Teacher Retirement System
Last Ten Fiscal Years*
Exhibit G-4

DISTRICT'S PROPORTIONATE SHARE OF LIABILITY

PLAN YEAR	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the OPEBL	0.0130%	0.0138%	0.0138%	0.0116%	0.0121%	0.0110%	0.0121%	0.0108%
District's proportionate share of the OPEBL	\$ 3,952,943	\$ 3,056,502	\$ 3,304,709	\$ 4,492,496	\$ 4,603,085	\$ 5,208,461	\$ 6,034,352	\$ 4,696,237
State share of the OPEBL associated with the district	4,952,984	3,688,140	4,031,226	6,018,943	6,185,442	6,920,880	7,875,689	7,035,198
TOTAL	<u>\$ 7,335,935</u>	<u>\$ 7,335,935</u>	<u>\$ 7,335,935</u>	<u>\$ 10,511,439</u>	<u>\$ 10,788,527</u>	<u>\$ 12,129,341</u>	<u>\$ 13,910,041</u>	<u>\$ 11,731,435</u>
District's covered-employee payroll	\$ 10,688,347	\$ 9,892,065	\$ 10,203,008	\$ 10,080,478	\$ 10,097,402	\$ 9,293,877	\$ 9,304,247	\$ 9,043,866
Proportionate share/covered payroll	36.98%	30.90%	32.39%	44.57%	45.59%	56.04%	64.86%	51.93%
Plan fiduciary net position/total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	91.00%

DISTRICT CONTRIBUTIONS

FISCAL YEAR	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 132,095	\$ 118,282	\$ 119,253	\$ 93,749	\$ 92,389	\$ 92,036	\$ 78,635	\$ 77,488
Contributions to required contribution	(132,095)	(118,282)	(119,253)	(93,749)	(92,389)	(92,036)	(78,635)	(77,488)
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,535,540	\$ 10,688,347	\$ 9,892,065	\$ 10,203,008	\$ 10,080,478	\$ 10,097,402	\$ 9,293,877	\$ 9,304,247
Contributions to covered payroll	1.15%	1.11%	1.21%	0.92%	0.92%	0.91%	0.85%	0.83%

Information provided by the Teacher Retirement System of Texas.

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See independent auditor's report

Westwood Independent School District Notes to Required Supplementary Information

Budget

The official budget was prepared for adoption for all Government Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

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

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

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 the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Budgetary Compliance

For the fiscal year ended August 31, 2025, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

FUND	FUNCTION	VARIANCE
General	11 Instruction	\$ (57,741)
General	33 Health services	(5,972)
General	51 Plant maintenance and operations	(43,990)
Child Nutrition	35 Food services	(45,115)

Defined Benefit Pension Plan and OPEB Plan

See Notes 6 and 7 for changes of assumptions and benefit terms.

Westwood Independent School District
Combining Balance Sheet - Nonmajor Governmental Funds
Exhibit H-1

Data Control Codes		Debt service Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:			
1110	Cash and Cash Equivalent	\$ 807,998	\$ 204,335	\$ 1,012,333
1220	Property Taxes - Delinquent	81,074	-	81,074
1230	Allowance for Uncollectible Taxes	(4,054)	-	(4,054)
1240	Due from Other Governments	-	144,537	144,537
1260	Due from Other Funds	208,169	75,533	283,702
1000	TOTAL ASSETS	<u>\$ 1,093,187</u>	<u>\$ 424,405</u>	<u>\$ 1,517,592</u>
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	\$ -	\$ 220,764	\$ 220,764
2170	Due to Other Funds	-	104,465	104,465
2000	TOTAL LIABILITIES	<u>-</u>	<u>325,231</u>	<u>325,231</u>
	DEFERRED INFLOWS:			
2600	Unavailable Revenue	77,020	-	77,020
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>77,020</u>	<u>325,231</u>	<u>402,251</u>
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	Federal/State Grants	-	99,174	99,174
3480	Retirement of Long-Term Debt	1,016,167	-	1,016,167
3000	TOTAL FUND BALANCE	<u>1,016,167</u>	<u>99,174</u>	<u>1,115,341</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCE	<u>\$ 1,093,187</u>	<u>\$ 424,405</u>	<u>\$ 1,517,592</u>

See independent auditor's report.

Westwood Independent School District
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Changes in Fund Balances - Nonmajor Governmental Funds
Exhibit H-2

Data Control Codes		Debt service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:			
5700	Local and Intermediate Sources	\$ 1,754,274	\$ 145,483	\$ 1,899,757
5800	State Program Revenues	208,169	52,121	260,290
5900	Federal Program Revenues	-	2,189,026	2,189,026
5020	Total Revenues	1,962,443	2,386,630	4,349,073
	EXPENDITURES:			
0011	Instruction	-	798,129	798,129
0013	Curriculum and Staff Development	-	185,765	185,765
0023	School Leadership	-	135,972	135,972
0031	Guidance, Counseling, & Evaluation Services	-	2,212	2,212
0034	Student Transportation	-	97,644	97,644
0035	Food Services	-	1,285,115	1,285,115
0071	Debt service	1,836,700	-	1,836,700
6030	Total Expenditures	1,836,700	2,504,837	4,341,537
1200	Net Change in Fund Balances	125,743	(118,207)	7,536
0100	Fund Balances - Beginning	890,424	217,381	1,107,805
3000	Fund Balances - Ending	\$ 1,016,167	\$ 99,174	\$ 1,115,341

See independent auditor's report.

Westwood Independent School District
Combining Balance Sheet - Nonmajor Governmental Funds
Exhibit H-3

Data Control Codes		211 ESEA Title I Improving Basic Skills	224 IDEA-B	225 Title II Part A	240 National School Breakfast/Lunch Program	244 Career & Tech Basic Grant	255 Title II, Part A Training and Recruiting	263 Title III Part A
ASSETS:								
1110	Cash and Cash Equivalent	\$ 26,165	\$ (76,794)	\$ 871	\$ 187,716	\$ -	\$ 1,140	\$ -
1240	Due from Other Government	38,874	1,261	-	80,115	-	220	-
1260	Due from Other Funds		75,533					
1000	Total Assets	\$ 65,039	\$ -	\$ 871	\$ 267,831	\$ -	\$ 1,360	\$ -
LIABILITIES:								
Current Liabilities:								
2110	Accounts Payable	916	-	-	219,848	-	-	-
2170	Due to Other Funds	64,123	-	871	6,129	-	1,360	-
2210	Other Accrued Expense	-	-	-	2	-	-	-
2000	Total Liabilities	65,039	-	871	225,979	-	1,360	-
FUND BALANCES:								
Restricted Fund Balances:								
3450	Federal/State Funds Grant Restrictions	-	-	-	41,852	-	-	-
3000	Total Fund Balance	-	-	-	41,852	-	-	-
4000	Total Liabilities and Fund Balances	\$ 65,039	\$ -	\$ 871	\$ 267,831	\$ -	\$ 1,360	\$ -

See independent auditor's report.

Westwood Independent School District
Combining Balance Sheet - Nonmajor Governmental Funds (Continued)
Exhibit H-3

Data Control Codes		270 Title VI, Part B Rural & Low Income	289 Title IV Part A	410 State Instructional Materials	427 JET Program	429 Math & Literacy Achievement	461 Indigent Meal Fund	Total Nonmajor Governmental Funds
	ASSETS:							
1110	Cash and Cash Equivalent							
1220	Taxes Receivable, Net	\$ (20,519)	\$ -	\$ -	\$ 31,982	\$ (3,548)	\$ 57,322	\$ 204,335
1260	Due from Other Funds	20,519	-	-	-	3,548	-	144,537
1290	Other Receivables		-	-				75,533
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,982</u>	<u>\$ -</u>	<u>\$ 57,322</u>	<u>\$ 424,405</u>
	LIABILITIES:							
	Current Liabilities:							
2110	Accounts Payable							
2160	Accrued Wages Payable	-	-	-	-	-	-	220,764
2180	Due to state	-	-	-	31,982	-	-	104,465
2300	Deferred Revenue	-			-	-	-	2
		<u>-</u>	<u>-</u>	<u>-</u>	<u>31,982</u>	<u>-</u>	<u>-</u>	<u>325,231</u>
	FUND BALANCES:							
	Restricted Fund Balances:							
3450	Federal/State Funds Grant Restrictions							
3000	Total Fund Balance	-	-	-	-	-	57,322	99,174
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,322</u>	<u>99,174</u>
4000	Total Liabilities and Fund Balances							
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,982</u>	<u>\$ -</u>	<u>\$ 57,322</u>	<u>\$ 424,405</u>

Westwood Independent School District
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Exhibit H-4

	211 ESEA Title I Improving Basic Skills	224 IDEA-B	225 Title II Part A	240 National School Breakfast/Lunch Program	244 Career & Tech Basic Grant	255 Title II, Part A Training and Recruiting	263 Title III Part A
REVENUES:							
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 27,324	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	13,095	-	-	-
5900 Federal Program Revenues	539,848	349,181	25,133	1,122,658	24,267	71,723	1,649
5020 Total Revenues	539,848	349,181	25,133	1,163,077	24,267	71,723	1,649
EXPENDITURES:							
0011 Instruction	377,604	251,537	25,133	-	24,267	35,062	1,649
0013 Curriculum and Staff Development	157,803	-	-	-	-	27,962	-
0023 School Leadership	4,441	-	-	-	-	8,699	-
0031 Guidance, Counseling, & Evaluation Services	-	-	-	-	-	-	-
0034 Student Transportation	-	97,644	-	-	-	-	-
0035 Food Services	-	-	-	1,285,115	-	-	-
6030 Total Expenditures	539,848	349,181	25,133	1,285,115	24,267	71,723	1,649
1200 Net Change in Fund Balances	-	-	-	(122,038)	-	-	-
0100 Fund Balances - Beginning	-	-	-	163,890	-	-	-
3000 Fund Balances - Ending	\$ -	\$ -	\$ -	\$ 41,852	\$ -	\$ -	\$ -

See independent auditor's report.

Westwood Independent School District
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds (Continued)
Exhibit H-4

	270 Title VI, Part B Rural & Low Income	289 Title IV Part A	410 State Instructional Materials	427 JET Program	429 Math & Literacy Achievement	461 Indigent Meal Fund	Total Nonmajor Governmental Funds
REVENUES:							
5700 Local and Intermediate Sources							
5800 State Program Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,159	\$ 145,483
5900 Federal Program Revenues	-	-	-	-	39,026	-	52,121
5020 Total Revenues	47,735	6,832	-	-	-	-	2,189,026
	47,735	6,832	-	-	39,026	118,159	2,386,630
EXPENDITURES:							
0011 Instruction							
0012 Instructional Resources and Media Services	36,122	4,620	3,109	-	39,026	-	798,129
0021	-	-	-	-	-	-	185,765
0031 Guidance, Counseling, & Evaluation Services	11,613	-	-	-	-	111,219	135,972
0032 Social Work Services	-	2,212	-	-	-	-	2,212
0035 Food Services	-	-	-	-	-	-	97,644
0036 Cocurricular/Extracurricular Activities	-	-	-	-	-	-	1,285,115
	47,735	6,832	3,109	-	39,026	111,219	2,504,837
Excess (deficiency) of revenues over expenditures	-	-	(3,109)	-	-	6,940	(118,207)
0100 Fund Balances - Beginning							
3000 Fund Balances - Ending	-	-	3,109	-	-	50,382	217,381
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,322	\$ 99,174

Westwood Independent School District
Schedule of Delinquent Taxes Receivable
Exhibit J-1

	(1)	(2)	(3)	(10)	(20)	(31)	(32)	(40)	(50)	(99)
Last 10 Years	Tax Rates Maintenance	Debt Service	Appraised Value for tax purposes	Beginning Balance	Current Year's Levy	Maintenance Collections	Debt Service Collections	Adjustments	Ending Balances	Total Taxes Refunded Under Section 26.1115(c)
2016 and prior	Various	Various	Various	\$ 148,440	\$ -	\$ 2,835	\$ -	\$ (38,715)	\$ 106,890	
2017	1.17	-	499,528,540	18,994	-	398	-	-	18,596	
2018	1.17	-	487,618,702	28,767	-	1,657	-	-	27,110	
2019	1.17	-	483,671,569	25,509	-	2,482	-	-	23,027	
2020	1.17	-	486,983,726	27,262	-	3,206	-	-	24,056	
2021	1.17	-	494,363,194	28,565	-	1,923	-	-	26,642	
2022	1.0683	-	516,342,537	42,921	-	10,827	-	-	32,094	
2023	0.9497	0.319285	606,535,538	93,147	-	19,984	6,714	(8,909)	57,540	
2024	0.7575	0.319300	671,479,755	185,691	-	51,870	21,652	(38,818)	73,351	
2025 (School year)	0.7552	0.246400	701,260,783	-	7,023,828	5,089,376	1,659,835	(93,649)	180,968	
				<u>\$ 599,296</u>	<u>\$ 7,023,828</u>	<u>\$ 5,184,558</u>	<u>\$ 1,688,201</u>	<u>\$ (180,091)</u>	<u>\$ 570,274</u>	
Total Refunds										<u>\$ 34,406</u>

**Westwood Independent School District
Budgetary Comparison Schedule
National School Breakfast and Lunch Program
Exhibit J-2**

	1	2	3	VARIANCE WITH
	BUDGETED AMOUNTS			FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE OR (NEGATIVE)
Revenues:				
Local and intermediate sources	-	32,643	27,324	(5,319)
State program revenues	-	27,852	13,095	(14,757)
Federal program revenues	1,240,000	1,179,505	1,122,658	(56,847)
TOTAL REVENUES	1,240,000	1,240,000	1,163,077	(76,923)
Expenditures:				
Food services	1,240,000	1,240,000	1,285,115	(45,115)
TOTAL EXPENDITURES	1,240,000	1,240,000	1,285,115	(45,115)
NET CHANGE IN FUND BALANCE	-	-	(122,038)	(122,038)
Fund balance - Beginning	163,890	163,890	163,890	-
FUND BALANCE - ENDING	163,890	163,890	41,852	(122,038)

See independent auditor's report.

Westwood Independent School District
Budgetary Comparison Schedule
Debt Service Fund
Exhibit J-3

DATA CONTROL CODES		1	2	3	VARIANCE WITH
		BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET
		Original	Final	AMOUNTS	POSITIVE OR (NEGATIVE)
	Revenues:				
5700	Total local and intermediate sources	1,632,831	1,625,631	1,754,274	128,643
5800	State program revenues	200,969	208,169	208,169	-
5020	TOTAL REVENUES	1,833,800	1,833,800	1,962,443	128,643
	Expenditures:				
0071	Debt Service	1,833,800	1,839,800	1,836,700	3,100
6030	TOTAL EXPENDITURES	1,833,800	1,839,800	1,836,700	3,100
1200	NET CHANGE IN FUND BALANCES	-	(6,000)	125,743	131,743
0100	Fund balance - Beginning	890,424	890,424	890,424	-
3000	FUND BALANCE - ENDING	890,424	884,424	1,016,167	131,743

See independent auditor's report.

Westwood Independent School District

State Supplemental Allotment Compliance

Use of Funds Report

Exhibit J-4

DATA CONTROL CODES		RESPONSES
	<u>Section A: Compensatory Education Programs</u>	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
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.	<u>\$ 1,695,978</u>
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	<u>\$ 651,549</u>
	<u>Section B: Bilingual Education Programs</u>	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
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.	<u>\$ 47,505</u>
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	<u>\$ 41,899</u>

See independent auditor's report.



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

Board of Trustees
Westwood Independent School District
Palestine, Texas

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governing 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 Westwood Independent School District (the District) as of and for the fiscal 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 February 2, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

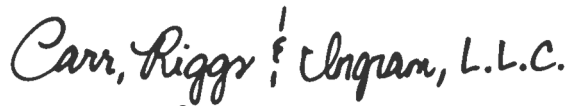
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
February 2, 2026



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Westwood Independent School District
Palestine, Texas

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Westwood Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Westwood Independent School District's major federal programs for the year ended August 31, 2025. Westwood Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Westwood Independent School 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 Westwood Independent School District and to meet our other 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 Westwood Independent School 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 Westwood Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Westwood Independent School 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 Westwood Independent School 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 Westwood Independent School 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 Westwood Independent School 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 Westwood Independent School 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.

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
February 2, 2026

Westwood Independent School District Schedule of Findings and Questioned Costs (Continued)

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered
not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered
to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be
Reported in accordance with Uniform Guidance? Yes X No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
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? X Yes No

B. Financial Statement Findings

None

Westwood Independent School District Summary Schedule of Prior Audit Findings

2024-01 - Cash Reconciliations - No cash reconciliations for last 3 months

Status: RESOLVED

Management updated procedures to ensure timely reconciliations

2024-02 - Adjusting Journal Entries – Significant audit proposed entries

Status: RESOLVED

Management updated procedures to ensure proper financial reporting

2024-03 - Bid Documentation – missing bid documentation

Status: RESOLVED

Management updated procedures to ensure compliance with government code

2024-04 - Year End Cut-Off – Significant year-end adjustments

Status: RESOLVED

Management updated procedures to ensure year-end reconciliations

**Westwood Independent School District
Corrective Action Plan**

None

Westwood Independent School District
Schedule of Expenditures of Federal Awards
Exhibit K-1

-1 FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	-2 FEDERAL ALN NUMBER	-3 PASS THROUGH GRANTOR	-4 FEDERAL EXPENDITURES
U.S. Department of Education:			
Passed Through Texas Education Agency:			
IDEA - Part B, Formula	84.027	256600010001902	\$ 349,181
IDEA - Part B, Preschool	84.173	N/A	25,133
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>374,314</u>
 Title I, Part A - Improving Basic Programs	 84.010A	 25610101001908	 539,848
Career and Technical - Basic Grant	84.048A	25420006001908	24,267
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501001908	71,723
Rural Education	84.358B	25696001001908	47,735
Title III, Part A - ELA and Language Enhancement	84.365A	24671003001908	1,649
Title IV, Part A - Student Support and Enrichment	84.424A	25680101001908	6,832
TOTAL PASSED THROUGH TEXAS EDUCATION AGENCY			<u>692,054</u>
 TOTAL U.S. DEPARTMENT OF EDUCATION			 <u>1,066,368</u>
U.S. Department of Agriculture:			
Passed Through Texas Department of Agriculture:			
School Breakfast Program	10.553	71402023	273,639
National School Lunch Program - Cash Assistance	10.555	71302023	783,226
TOTAL CHILD NUTRITION CLUSTER			<u>1,056,865</u>
 Commodity Supplemental Food Program	 10.565	 71302023	 65,793
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,122,658</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 2,189,026</u>
Reconciliation to Federal Revenue per Exhibit C-2:			
Total Expenditures of Federal Awards			\$ 2,189,026
Other Federal Programs			<u>69,645</u>
TOTAL FEDERAL REVENUE PER C-2:			<u>2,258,671</u>

The accompanying notes are an integral part of this schedule.

Westwood Independent School District

Notes to Schedule of Expenditures of Federal Awards

General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Westwood Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the preparation of, the general purpose financial statements. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of the specific project period.

Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue funds is the current financial resource measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the liability is incurred, except for unmatured interest on long-term debt, which is recognized when matured, and certain compensated absences, pension liability, other post-employment benefits, and claims, which are recognized when the obligations are expected to be liquidated with expendable available resources. Grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred, and, accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned.

Availability of Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 30 days beyond the project period ending date.

Indirect Cost

The District does not use an indirect cost rate in federal programs.

Westwood Independent School District
Schedule of Required Responses to Selected
School First Indicators
Exhibit L-1

DATA CONTROL CODES		RESPONSES
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 Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	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 board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -