WHARTON
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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Wharton Independent School District
Annual Financial Report
For The Year Ended June 30, 2025

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CERTIFICATE OF BOARD

Wharton Independent School District	Wharton	241904
Name of School District	County	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 June 30, 2025, at a meeting of the board of trustees of such school district on the 16th day of October, 2025.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Harry Afadapa & Associates, PC
Certified Public Accountants
16115 Crooked Lake Way N.
Cypress. Texas 77433
(832) 960-7977~ww .afadapa.com

Independent Auditor's Report

To the Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wharton Independent School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Wharton Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Wharton Independent School 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 Wharton Independent School District's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wharton Independent School District's basic financial statements. The introductory section and combining financial statements 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, Cost Principles, and Audit 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 financial statements and other 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025 on our consideration of Wharton 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 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 Wharton Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Cypress, Texas
October 10, 2025

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This discussion and analysis of the Wharton Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Wharton Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Wharton Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wharton Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position as of June 30, 2025 and June 30, 2024 are summarized as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT'S NET POSITION

`	Governmental Activities 6/30/2025	Governmental Activities 6/30/2024	Change
Current and other assets	$ 18,514,732	$ 30,265,191	$ (11,750,459)
Capital assets	74,696,370	48,644,203	26,052,167
Deferred outflow of resources	4,142,833	5,015,444	(872,611)
Total assets	97,353,935	83,924,838	13,429,097
Other liabilties	6,854,417	9,167,231	(2,312,814)
Long-term liabilities outstanding	75,200,180	77,769,061	(2,568,881)
Deferred inflow of resources	5,536,003	6,857,169	(1,321,166)
Total liabilities	87,590,600	93,793,461	(6,202,861)
Net position:			
Net investment in capital assets	12,575,094	8,198,370	4,376,724
Restricted	5,341,027	3,050,917	2,290,110
Unrestricted	(8,152,786)	(21,117,910)	12,965,124
Total net position	$ 9,763,335	$ (9,868,623)	$ 19,631,958

Current and other assets decreased by over 11,750,459 due to the capital projects being funded from the current investment account in 2025 which was approved through bond referendum of 2020. The aggregate investment decreased by $11,725,429. Capital asset increased by $26,052,167 which represent the net difference in total asset additions after prior period adjustments ($31,281,396) and less the depreciation expense ($5,229,230) for the fiscal year. Deferred outflow of resource decreased by $872,611 resulting from an aggregate decrease in deferred outflow when compared to prior year. The aggregate decrease of $2,312,814 in Other liability consist of decrease in accounts payable of $3,316,752; decrease in accrued liabilities of $112,766; decrease of $32,390 in Due to Other Governments, an increase of $115,000 in current portion of long term obligation; increase of $976,116 in interest payable; and increase in Unearned Revenue of $54,978. The aggregate decrease in long-term liabilities consist of debt obligation principal payment of $2,325,000 and Bond Premium payment of 109,072, and other miscellaneous obligations-net effect of Net Pension and OPEB liabilities. As discussed above, the aggregate Deferred Inflow of Resources decreased by $1,321,166 which was based on the current year determination of GASB 68 and GASB 75 Financial Reporting requirements. This change came about from a net change $1,219,950 in Deferred Inflow Related to OPEB, and net change of $101,216 in Deferred Inflow Related to Pension. As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of Wharton Independent School District, liability exceeded assets by $8,152,786 at the close of the most recent fiscal year, June 30, 2025.

The District's net position reflects an investment in capital assets in the amount of $12,575,094 when considered in relation to the debt obligation used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, net accumulated depreciation, bond premium and related unspent cash proceed, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of $5,341,027 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of negative $8,152,786 cannot be used to meet the District's ongoing obligations to educate the school-age children of Wharton.

The District's changes in net position for the fiscal years end June 30, 2025 and June 30, 2024 are summarized as follows:

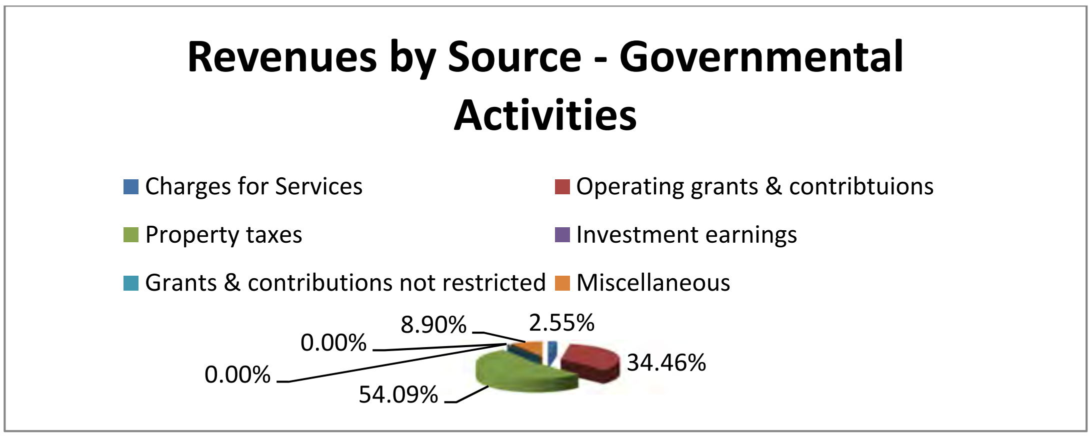
WHARTON INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities		
	6/30/2025	6/30/2024	Change
Revenues:			
Program Revenues:			
Charges for services	$ 845,273	$ 1,337,229	$ (491,956)
Operating grants & contributions	11,418,168	14,293,058	(2,874,890)
General Revenues:			
Property taxes	17,922,403	14,768,745	3,153,658
Miscellaneous	2,949,134	1,782,505	1,166,629
Total revenues	33,134,978	32,181,537	953,441
Expenses:			
Instruction	14,404,317	18,205,655	(3,801,338)
Instructional resources and media	85,192	48,349	36,843
Curriculum and staff development	7,202	38,176	(30,974)
Instructional leadership	917,728	1,138,927	(221,199)
School leadership	1,897,394	2,142,981	(245,587)
Guidance and counseling	493,447	801,343	(307,896)
Social works services	63,268	70,252	(6,984)
Health services	241,794	310,197	(68,403)
Student transportation	1,269,223	1,461,226	(192,003)
Food service	1,523,639	1,808,575	(284,936)
Extracurricular activities	854,141	1,044,268	(190,127)
General administration	2,408,286	2,538,745	(130,459)
Plant maintenance and operations	4,847,164	4,771,669	75,495
Security and monitoring services	545,934	704,060	(158,126)
Data processing services	748,484	831,020	(82,536)
Interest on long-term debt	3,013,023	2,129,675	883,348
Bond Issuance Costs and Fees	4,125	4,050	75
Capital Outlay	1,754,424	1,141,236	613,188
Payments related to SSA	22,467	477,549	(455,082)
Other Intergovernmental Charges	330,000	-	330,000
Total expenses	35,431,252	39,667,953	(4,236,701)
Decrease in net position	(2,296,274)	(7,486,416)	(3,283,260)
Net position- Beginning	(9,868,621)	(2,382,205)	(12,250,826)
Prior Period Adjustment-See Note M	21,928,230	-	21,928,230
Net position ending	$ 9,763,335	$ (9,868,621)	$ 6,394,144

The District's net position from current operations decreased by $2,296,274 when compared to the prior year net decrease of $7,486,416 Overall revenue decreased by $953,441 and expenditures decreased by $4,236,701. Some of the key elements of these net differences between 2025 and 2024 are as follows:

- Except for Interest on long-term debt; Instructional Resources and Media; Capital Outlay; Bond Issuance Cost; and Other Intergovernmental Charges all other functional codes of the district experienced some decrease in operational costs due to overall decrease district expenditure when compared to prior year.
- There were substantial decrease in revenue in Charges for Services and Operating grants & Contributions categories when compared to prior year. This decrease was expected since federal and state governments were cutting back in funding program. The decrease appears consistent with expectations.

The following chart shows the percentage of revenues by major source:



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental Funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of $13,107,285, a decrease of $8,848,364. $8,986,018 is restricted by external parties, constitutional provisions or enabling legislation to pay debt and for state and federal grants. Unassigned fund balance is $4,054,807. $66,460 is Non-spendable fund balances.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance in the general fund was $3,877,152. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17% of total general fund expenditures.

The fund balance of the general fund decreased by $1,351,624 for the year ended June 30, 2025 compared to a decrease of $2,889,097 in 2024. Revenue increased by $924,807 and expenditures decreased by $612,666.

General Fund Budgetary Highlights

The Board of Trustees approved a net decrease of $602,500 in the overall expenditure budget for the fiscal year ended June 30, 2025.

Overall, budget revenue exceeded actual by $132,893. Except for State program revenue, all categories of the revenue classification increased. Expenditures was under budget by $315,483.

Debt Administration

Debt administration events during the current fiscal year included:

- The district pay down principal amount of $2,325,000
- Decrease in Bond Premium/Discount amount of $109,072 was amortization amount.
- Decrease in Net Pension Liability of $1,269,785
- Increase in Net OPEB liability of $1,249,977

	Governmental Activities		
	6/30/2025	6/30/2024	Change
General obligation bonds	$ 63,620,000	$ 65,945,000	$ (2,325,000)
Bond Premium/Discount	1,496,802	1,605,874	(109,072)
Net Pension liability	7,442,278	8,712,063	(1,269,785)
Net OPEB liability	5,081,100	3,831,123	1,249,977
	$ 77,640,180	$ 80,094,060	$ (2,453,880)

Capital Assets

	Governmental Activities		
	6/30/2025	6/30/2024	Change
Land	$ 723,431	$ 379,632	$ 343,799.00
Buildings & Improvements	97,901,009	48,901,719	48,999,290
Furniture and Equipment	2,858,736	2,662,349	196,387
Vehicles	4,321,223	4,223,835	97,388
CIP	-	18,355,468	(18,355,468)
Totals	105,804,399	74,523,003	31,281,396
Less accumulated depreciation	(31,108,029)	(25,878,799)	(5,229,230)
	$ 74,696,370	$ 48,644,204	$ 26,052,166

Capital asset events during the year included:

- Capital expenditures District-wide for building and improvement increased by $48,999,290
- Additional Furniture & Equipment were purchased in the amount of $196,387 during the fiscal year.
- Additional Vehicle (Bus) was acquired for $97,388 during the fiscal year 2025.
- $18,355,468 in assets were reclassified from Construction in progress into Building and Improvement
- Adjustment and Depreciation expenses were made in the total amount of $5,229,230

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The District adopted a budget for 2025-2026 that was equal to the 2024-2025 final budget. Factors affecting the 2025-2026 fiscal year budget were as follows:

- $1,529,546 increase in Instructional and Related cost for 2025-2026 fiscal year

- $414,536 decrease in instructional leadership cost in 2025-2026 fiscal year
- $137,876 decrease in school leadership cost in 2025-2026 fiscal year
- $124,979 decrease in Co-curricular/Extracurricular activities cost in 2025-2026 fiscal year
- $235,487 increase in Guidance and Counseling for 2025-2026 fiscal year.
- And $532,181 increase in Maintenance & Operational cost for 2025-2026 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Wharton Independent School District, Attention: Business Manager, 2100 N. Fulton, Wharton, Texas 77488 or call (979) 532-3612.

Basic Financial Statements

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WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2025

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 6,717,274
1120	*Investments - Current*	8,073,525
1225	*Property Taxes Receivable (Net)*	2,009,271
1240	*Due from Other Governments*	1,576,362
1290	*Other Receivables (Net)*	12,177
1300	*Inventories*	59,662
1410	*Prepaid Items*	66,461
	Capital Assets:	
1510	*Land*	723,431
1520	*Buildings and Improvements, Net*	71,646,210
1530	*Furniture and Equipment, Net*	2,326,729
1000	Total Assets	93,211,102
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow Related to Pensions	1,718,077
	Deferred Outflow Related to OPEB	2,424,756
1700	Total Deferred Outflows of Resources	4,142,833
	LIABILITIES:	
2110	*Accounts Payable*	1,470,625
2140	*Interest Payable*	1,016,241
2150	*Payroll Deductions and Withholdings*	30,544
2160	*Accrued Wages Payable*	1,733,408
2180	*Due to Other Governments*	33,004
2190	*Due to Student Groups*	17,879
2300	*Unearned Revenue*	112,716
	Long-Term Liabilities:	
2516	*Premium & Discount on Issuance of Bonds*	1,496,802
2501	*Due Within One Year*	2,440,000
2502	*Due in More Than One Year*	61,180,000
2540	*Net Pension Liabilities*	7,442,278
2545	*Net Other Post-Employment Benefits Liability*	5,081,100
2000	Total Liabilities	82,054,597
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Inflow Related to Pensions	428,089
	Deferred Inflow Related to OPEB	5,107,914
2600	Total Deferred Inflows of Resources	5,536,003
	NET POSITION:	
3200	Net Investment in Capital Assets	12,575,094
	Restricted For:	
3850	Debt Service	5,301,591
3890	Other Purposes	39,436
3900	Unrestricted	(8,152,786)
3000	Total Net Position	$ 9,763,335

The accompanying notes are an integral part of this statement.

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WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Governmental Activities:				
11	*Instruction*	$ 14,404,317	$ 118,932	$ 5,505,393	$ (8,779,992)
12	*Instructional Resources and Media Services*	85,192	870	27,736	(56,586)
13	*Curriculum and Staff Development*	7,202	48	1,235	(5,919)
21	*Instructional Leadership*	917,728	8,650	280,526	(628,552)
23	*School Leadership*	1,897,394	17,977	589,348	(1,290,069)
31	*Guidance, Counseling, and Evaluation Services*	493,447	4,543	142,505	(346,399)
32	*Social Work Services*	63,268	604	20,047	(42,617)
33	*Health Services*	241,794	2,271	72,375	(167,148)
34	*Student Transportation*	1,269,223	11,985	355,328	(901,910)
35	*Food Service*	1,523,639	146,335	1,251,042	(126,262)
36	*Cocurricular/Extracurricular Activities*	854,141	77,383	232,248	(544,510)
41	*General Administration*	2,408,286	37,748	591,351	(1,779,187)
51	*Facilities Maintenance and Operations*	4,847,164	60,385	1,158,162	(3,628,617)
52	*Security and Monitoring Services*	545,934	3,842	262,457	(279,635)
53	*Data Processing Services*	748,484	8,446	204,598	(535,440)
72	*Interest on Long-term Debt*	3,013,023	15,220	448,809	(2,548,994)
73	*Bond Issuance Costs and Fees*	4,125	--	--	(4,125)
81	*Capital Outlay*	1,754,424	329,792	268,831	(1,155,801)
93	*Payments Related to Shared Services Arrangements*	22,467	242	6,177	(16,048)
99	*Other Intergovernmental Charges*	330,000	--	--	(330,000)
TG	Total Governmental Activities	35,431,252	845,273	11,418,168	(23,167,811)
TP	Total Primary Government	$ 35,431,252	$ 845,273	$ 11,418,168	(23,167,811)

	General Revenues:	
MT	*Property Taxes, Levied for General Purposes*	11,650,314
DT	*Property Taxes, Levied for Debt Service*	6,272,089
MI	*Miscellaneous*	2,949,134
TR	Total General Revenues	20,871,537
CN	Change in Net Position	(2,296,274)
NB	Net Position - Beginning	(9,868,621)
PA	*Prior Period Adjustment-See Note M*	21,928,230
	Net Position - Beginning, as Restated	12,059,609
NE	Net Position - Ending	$ 9,763,335

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ (1,566,063)	$ 6,355,253
1120	*Current Investments*	4,062,054	35,988
1225	*Property Taxes Receivable, Net*	1,726,619	282,652
1240	*Due from Other Governments*	1,158,740	--
1260	*Due from Other Funds*	1,910,180	--
1290	*Other Receivables*	--	10,897
1300	*Inventories*	--	--
1410	*Prepaid Items*	66,460	--
1000	Total Assets	7,357,990	6,684,790
	LIABILITIES:		
	Current Liabilities:		
2110	*Accounts Payable*	$ 33,256	$ --
2120	*Bonds and Loans Payable - Current Year Overdue*	23,335	--
2150	*Payroll Deductions and Withholdings*	5,754	--
2160	*Accrued Wages Payable*	1,574,531	--
2170	*Due to Other Funds*	--	987,832
2180	*Due to Other Governments*	33,004	--
2190	*Due to Student Groups*	17,879	--
2300	*Unearned Revenue*	1,726,619	395,367
2000	Total Liabilities	3,414,378	1,383,199
	FUND BALANCES:		
	Nonspendable Fund Balances:		
3430	*Prepaid Items*	66,460	--
	Restricted Fund Balances:		
3450	*Federal/State Funds Grant Restrictions*	--	--
3480	*Debt Service*	--	5,301,591
3490	*Other Restrictions of Fund Balance*	--	--
3600	Unassigned	3,877,152	--
	Unassigned, Reported in Nonmajor:		
3610	*Special Revenue Funds*	--	--
3000	Total Fund Balances	3,943,612	5,301,591
4000	Total Liabilities and Fund Balances	$ 7,357,990	$ 6,684,790

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
$ 452,844	$ 1,475,238	$ 6,717,272
3,975,483	--	8,073,525
--	--	2,009,271
--	417,622	1,576,362
--	753	1,910,933
--	1,280	12,177
--	59,662	59,662
--	1	66,461
4,428,327	1,954,556	20,425,663
$ 1,432,802	$ 4,566	$ 1,470,624
--	--	23,335
--	1,455	7,209
--	158,877	1,733,408
155,760	767,341	1,910,933
--	--	33,004
--	--	17,879
--	--	2,121,986
1,588,562	932,239	7,318,378
--	--	66,460
--	819,198	819,198
--	--	5,301,591
2,839,765	25,464	2,865,229
--	--	3,877,152
--	177,655	177,655
2,839,765	1,022,317	13,107,285
$ 4,428,327	$ 1,954,556	$ 20,425,663

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WHARTON INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds balance sheet	$	13,107,285
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		74,696,369
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		2,009,270
Payables for bond principal which are not due in the current period are not reported in the funds.		(63,620,001)
Payables for debt interest which are not due in the current period are not reported in the funds.		(1,016,241)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(7,442,278)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(428,089)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		1,718,077
Bond premiums are amortized in the SNA but not in the funds.		(1,496,802)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(5,081,100)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(5,107,914)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		2,424,756
Rounding difference		3
Net position of governmental activities - Statement of Net Position	$	9,763,335

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund
	REVENUES:		
5700	*Local and Intermediate Sources*	$ 14,186,873	$ 6,316,406
5800	*State Program Revenues*	7,007,735	448,809
5900	*Federal Program Revenues*	338,285	--
5020	Total Revenues	21,532,893	6,765,215
	EXPENDITURES:		
	Current:		
11	*Instruction*	10,934,459	--
12	*Instructional Resources and Media Services*	81,416	--
13	*Curriculum and Instructional Staff Development*	3,510	--
21	*Instructional Leadership*	820,013	--
23	*School Leadership*	1,701,615	--
31	*Guidance, Counseling, and Evaluation Services*	430,454	--
32	*Social Work Services*	57,186	--
33	*Health Services*	215,950	--
34	*Student Transportation*	1,135,682	--
35	*Food Services*	--	--
36	*Extracurricular Activities*	763,879	--
41	*General Administration*	1,454,019	--
51	*Facilities Maintenance and Operations*	3,897,394	--
52	*Security and Monitoring Services*	363,263	--
53	*Data Processing Services*	673,210	--
71	*Principal on Long-term Debt*	--	2,325,000
72	*Interest on Long-term Debt*	--	2,145,980
73	*Bond Issuance Costs and Fees*	--	4,125
81	*Capital Outlay: Facilities Acquisition and Construction*	--	--
93	*Payments Related to Shared Services*		
93	*Arrangements*	22,467	--
99	*Other Intergovernmental Charges*	330,000	--
6030	Total Expenditures	22,884,517	4,475,105
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	(1,351,624)	2,290,110
	Other Financing Sources and (Uses):		
7915	*Transfers In*	--	--
8911	*Transfers Out*	(1,723)	--
7080	Total Other Financing Sources and (Uses)	(1,723)	--
1200	Net Change in Fund Balances	(1,353,347)	2,290,110
0100	Fund Balances - Beginning	5,296,959	3,011,481
3000	Fund Balances - Ending	$ 3,943,612	$ 5,301,591

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
$ 374,599	$ 337,099	$ 21,214,977
--	485,416	7,941,960
303,867	2,834,055	3,476,207
678,466	3,656,570	32,633,144
--	1,985,216	12,919,675
--	--	81,416
--	--	3,510
--	--	820,013
--	31,822	1,733,437
--	--	430,454
--	--	57,186
--	--	215,950
--	--	1,135,682
--	1,523,315	1,523,315
--	--	763,879
621,345	122,584	2,197,948
533,347	--	4,430,741
--	119,249	482,512
36,800	--	710,010
--	--	2,325,000
--	--	2,145,980
--	--	4,125
9,148,208	--	9,148,208
--	--	22,467
--	--	330,000
10,339,700	3,782,186	41,481,508
(9,661,234)	(125,616)	(8,848,364)
--	1,723	1,723
--	--	(1,723)
--	1,723	--
(9,661,234)	(123,893)	(8,848,364)
12,500,999	1,146,210	21,955,649
$ 2,839,765	$ 1,022,317	$ 13,107,285

WHARTON INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$	(8,848,364)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		7,596,986
The depreciation of capital assets used in governmental activities is not reported in the funds.		(3,473,050)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		501,833
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		2,325,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		109,073
(Increase) decrease in accrued interest from beginning of period to end of period.		(976,116)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.		(659,705)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		1,128,068
Rounding difference		1
Change in net position of governmental activities - Statement of Activities	$	(2,296,274)

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

Data Control Codes		Investment Trust Fund	Private Purpose Trust
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ --	$ 45,436
1800	*Restricted Assets*	40,000	18,902
1000	Total Assets	40,000	64,338
	LIABILITIES:		
2000	Total Liabilities	--	--
	NET POSITION:		
3800	*Held in Trust for Investments*	$ 40,000	$ --
3800	*Held in Trust*	--	64,338
3000	Total Net Position	$ 40,000	$ 64,338

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Investment Trust Funds	Private Purpose Trusts
ADDITIONS:		
Investment Income	$ --	$ 1,357
Contributions from Foundations, Gifts and Bequests	--	--
Student Group Fundraising Activities	--	--
Total Additions	--	1,357
DEDUCTIONS:		
Benefits	--	--
Refunds of Contributions	--	--
Administrative Expenses	--	--
Total Deductions	--	--
Change in Fiduciary Net Position	--	1,357
Net Position-Beginning of the Year	40,000	62,981
Net Position-End of the Year	$ 40,000	$ 64,338

The accompanying notes are an integral part of this statement.

A. ***Summary of Significant Accounting Policies***

The basic financial statements of Wharton Independent School District (the "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 ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member elected body, 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 has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position 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 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 nonmajor funds.

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. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

Capital Project Fund: A governmental fund that must be used to account , on a project basis, for projects financed by proceeds from bond issuance, or for captial project otherwise mandated to be accounted for in funds are not legally required to be budgeted for on an annual basis.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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. 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements 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.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 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 they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services**.** Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received**.** When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

c. 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
Buildings	50
Building Improvements	20
Vehicles	3-15
Furniture and Equipment	5-10
Computer Equipment	3-15
Right-to-use Lease Assets	5
Right-to-use Subscription Assets	5

d. Leases (GASB 87)

The District recognizes lease liabilities and corresponding right-to-use lease assets for leases with terms greater than 12 months. Lease liabilities are measured at the present value of expected lease payments. Right- to-use assets are amortized over the shorter of the lease term or useful life. Short-term (12 months or less) are expensed as incurred.

For fiscal year ended June 30, 2025, Wharton Independent School District consider its leasing activities as immaterial.

e. Subscription-Based Information Technology Arrangements (SBITAs - GASB 96)

The District recognizes intangible right-to-use subscription assets and related liabilities for subscription-based information technology arrangements (SBITAs) with terms over 12 months**.** Subscription assets are amortized over the term of the agreement. Short-term SBITAs are expensed as incu

f. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

g. 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. Therefore, no disclosure is provided which disaggregates those balances.

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

h. Interfund Activity

Interfund activity results from loans, services 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 "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

l. Net Position Flow Assumption

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

m. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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

5. 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 expense, and information about assets, liabilities and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6 Implementation of New Standards

During 2025 Wharton Independent School District implemented GASB Statement 101, Compensated Absence which establishes a unified, principle-based model for recognizing and measuring liabilities for paid time off, sick leave, and other forms of leave.

For the current fiscal year, Wharton Independent School District did not have any Compensated Absence.

B. Deposits and Investments

The District's funds are 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.

1. Cash Deposits:
At June 30, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $6,717,274 and the bank balance was $7,025,567**.** The District's cash deposits at June 30, 2025 and during the year ended June 30, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

a. Depository: $6,587,734

b. Market value securities pledged as of the date of the highest combined balance on deposit was $16,991,811

c. The highest combined balances of cash, savings and time deposit accounts amounted to $12,194,993 and occurred during the month of February 2025.

d. Total amount of FDIC coverage at the time of the largest combined balance was $250,000.

2. 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.

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 June 30, 2025 are shown below.

Investment or Investment Type	Maturity	Fair Value
Lone Star Investment Pool	N/A	$ 3,731,490
TexPool Investment	N/A	3,975,483
TX Local Government Investment Pool	N/A	330,564
TX Local Government Investment Pool	N/A	35,988
Total Investments		$ 8,073,525

3. 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 year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. 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.

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. At year end, the District was not exposed to custodia credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

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.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of dollar.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

C. Disaggregated Receivables

Receivables at June 30, 2025 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General Fund	ESEA Title 1 Improving Prog.	Debt Service	Other Governmental	Totals
Taxes	$ 2,948,989	$ --	$ 673,599	$ --	$ 3,622,588
Less allowance	(1,222,370)	--	(390,947)	--	(1,613,317)
Net taxes receivable	$ 1,726,619	$ --	$ 282,652	$ --	$ 2,009,271
Due from other Governments:					
Texas Education Agency	$ 1,158,740	$ 167,792	$ --	$ 314,060	$ 1,640,592
	$ 1,158,740	$ 167,792	$ --	$ 314,060	$ 1,640,592

D. Capital Assets

Capital asset activity for the year ended 2025, Wharton Independent School District, was as follows:

	Prior Year Ending Balance @ 6/30/2024	Restated Beginning Balances-7/1/20	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 379,632	$ 723,431	$ --	$ --	$ 723,431
Construction in progress	18,355,468	21,032,825	7,297,257	(28,330,082)	--
Total cap. assets not being depreciate	18,735,100	21,756,256	7,297,257	(28,330,082)	723,431
Capital assets being depreciated:					
Buildings and improvements	48,901,719	69,564,973	28,330,082	--	97,895,055
Equipment	2,662,349	2,668,303	196,387	--	2,864,690
Vehicles	4,223,835	4,223,835	97,388	--	4,321,223
Total capital assets being depreciatec	55,787,903	76,457,111	28,623,857	--	105,080,968
Less accumulated depreciation for:					
Buildings and improvements	(21,761,125)	(23,517,305)	(2,731,541)	--	(26,248,846)
Equipment	(1,503,096)	(1,503,096)	(428,930)	--	(1,932,026)
Vehicles	(2,614,578)	(2,614,578)	(312,579)	--	(2,927,157)
Total accumulated depreciation	(25,878,799)	(27,634,979)	(3,473,050)	--	(31,108,029)
Total capital assets being depreciatec	29,909,104	48,822,132	25,150,807	--	73,972,939
Governmental activities capital asse	$ 48,644,204	$ 70,578,388	$ 32,448,064	$ (28,330,082)	$ 74,696,370

Instruction	$ 1,760,500
Instructional Resources and Media Services	4,676
Curriculum and Staff Development	3,692
Instructional Leadership	110,135
School Leadership	207,228
Guidance, Counseling, & Evaluation Services	77,490
Social Work Services	6,793
Health Services	29,996
Student Transportation	141,302
Food Services	174,891
Extracurricular Activities	100,981
General Administration	245,499
Plant Maintenance and Operations	461,424
Security and Monitoring Services	68,083
Data Processing Services	80,360
Community Services	--
	$ 3,473,050

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at 2025, Wharton Independent School District, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	767,341	Short-term loans
General Fund	Debt Service Fund	987,832	Short-term loans
General Fund	Capital Project Fund	155,760	Short-term loans
	Total	$ 1,910,933	

All amounts due are scheduled to be repaid within one year.

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities**.** These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

Advance Funding

General Obligation Bonds	Sale Date	Original Borrowed	Interest Rate to Maturity	Final Maturity	Outstanding Balance
Series 2016, Refunding Bond	01-Feb-2016	3,225,000	3.00% - 4.75%	15-Aug-2037	3,225,000
Series 2019, U/L Tax Bond	15-Feb-2019	14,855,000	3.00% - 5.00%	31-Aug-2044	12,700,000
Series 2019A, U/L Tax Bond	25-Jun-2019	20,685,000	3.00% - 5.00%	31-Aug-2045	17,815,000
Series 2021, U/L Tax Bond	15-Mar-2021	21,175,000	3.00% - 5.00%	31-Aug-2046	19,440,000
Series 2021, Refund Bond	28-Sep-2021	12,180,000	3.00% - 5.00%	15-Aug-2037	10,440,000
					$ 63,620,000

1. *Long-Term Obligation Activity*

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ende 2025, Wharton Independent School District, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 65,945,000	$ --	$ 2,325,000	$ 63,620,000	$ 2,440,000
Bond Premium/Discount	1,605,874	--	109,073	1,496,801	--
Net OPEB Liability	3,831,123	1,249,977	--	5,081,100	--
Net Pension Liability *	8,712,063	--	1,269,785	7,442,278	--
Total governmental activities	$ 80,094,060	$ 1,249,977	$ 3,703,858	$ 77,640,179	$ 2,440,000

2. Debt Service Requirements

Debt service requirements on long-term debt at 2025, Wharton Independent School District, are as follows:

	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		
Year Ending	Principal	Interest	Principal	Interest	Total
2026	$ 2,440,000	2,029,730	--	$ --	$ 4,469,730
2027	2,560,000	1,907,730	--	--	4,467,730
2028	2,680,000	1,779,730	--	--	4,459,730
2029	2,810,000	1,650,430	--	--	4,460,430
2030	2,940,000	1,516,930	--	--	4,456,930
2031-2035	16,260,000	5,976,680	--	--	22,236,680
2036-2040	16,345,000	3,632,973	--	--	19,977,973
2041-2045	16,160,000	1,421,769	--	--	17,581,769
2046-2050	1,425,000	30,281	--	--	1,455,281
Totals	$ 63,620,000	$ 19,946,253	$ --	$ --	$ 83,566,253

G. 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 fiscal year 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.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. 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 where 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

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

4. Contributions

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

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

Contribution Rates

	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's 2025 Employer Contributions	$ 715,091	$ 733,770
District's 2025 Member Contributions	$ 1,292,495	$ 1,275,614
2024 NECE On-Behalf Contributions (State)	$ 867,299	$ 849,674

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 a member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment.

- When any or all of an employee's salary is paid by federal, private, local or non-educational and general funds

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.

- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2023 rolled forward to August 31, 202
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. Discount Rate

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

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's 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			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return *	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0%)	1.3%	(0.1)%
Inflation Expectation			2.4%
Volatility Drag ******			(0.7)%
Expected Return	**100.0%**		**7.9%**

* Absolute Return includes Credit Sensitive Investments.
** Target allocations are based on the FY2023 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.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$ 11,887,203	$ 7,442,278	$ 3,759,341

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

At June 30, 2025, the District reported a liability of $7,442,278 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	$ 7,442,278
State's proportionate share that is associated with District	9,209,999
Total	$ 16,652,277

The net pension liability was measured as of June 30, 2023 and rolled forward to June 30, 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 the measurement date of August 31, 2024 the employer's proportion of the collective net pension liability was 0.0121836428 percent which was an increase (decrease) of 0.0004994536 percent from its proportion measured as of August 31, 2023.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2025, the District recognized pension expense of $2,021,583 and revenue of $1,100,749 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 410,208	$ 58,106
Changes in Actuarial Assumptions	384,261	51,516
Difference Between Projected and Actual Investment Earnings	45,239	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	264,046	318,467
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	614,323	--
Total	$ 1,718,077	$ 428,089

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	$ 15,733
2027	$ 822,511
2028	$ 71,477
2029	$ (229,350)
2030	$ (4,706)
Thereafter	$ --

I. Defined Other Post-Employment Benefit Plans

1. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

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

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

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

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

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2024	2025
Active Employee	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%

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2025 Employer Contributions	$ 150,529	$ 162,372
District's 2025 Member Contributions	$ 1,292,495	$ 1,275,614
2024 NECE On-Behalf Contributions (state)	$ 181,143	$ 190,535

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of $535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled $16,318,100.

A supplemental appropriation was received in 2023 for $21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Tota OPEB Liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Demographic Assumptions	Economic Assumptions
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

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

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

6. Discount Rate

A single discount rate of 3.87 percent was used to measure the Total OPEB Liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2024.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	$ 6,036,584	$ 5,081,100	$ 4,309,055

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

At June 30, 2025, the District reported a liability of $5,081,100 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 5,081,100
State's proportionate share that is associated with the District	$ 6,366,550
Total	$ 11,447,650

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

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.0167408359% which was an ir (decrease) of 0.0005645670% from its proportion measured as of August 31, 2023.

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

	1% Decrease in Healthcare Tren Rate	Current Single Healthcare Tre Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	$ 4,137,802	$ 5,081,100	$ 6,310,312

9. Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate was changed from 4.13 percent as of August 31, 2022 to 3.87 percent as of August 31, 2023. Th change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date

Since the last valuation was prepared for this plan, Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin University into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023. This change is reflected in the Total OPEB Liability as of August 31, 2023. In addition, this valuation reflects the minor benefit changes that became effective September 1, 2023, since these changes were announced to plan members in advance of August 31, 2023. These minor benefit changes, which are not expected to have a significant impact on plan costs for fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs.

The amount of OPEB expense recognized by the District in the reporting period was $1,464,803.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 973,876	$ 2,535,744
Changes in actuarial assumptions	650,321	1,657,904
Difference between projected and actual investment earnings	--	14,229
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	662,954	900,037
Contributions paid to TRS subsequent to the measurement date	137,605	--
Total	$ 2,424,756	$ 5,107,914

The net amounts of the District'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	$ (742,638)
2027	$ (512,508)
2028	$ (586,249)
2029	$ (510,111)
2030	$ (285,433)
Thereafter	$ (183,824)

For the year ended June 30, 2025, the District recognized OPEB expense of $1,464,803 and revenue of $(827,534) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2025, the subsidy payment received by TRS-Care on behalf of the District was $104,215.

J. *Employee Health Care Coverage*

During the year ended June 30, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $300 per pay period per employee and dependents to the Plan. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the are available for the year ended , have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. *Commitments and Contingencies*

1. Contingencies

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2025.

L. *Disaggregated Revenue*

During the period ended June 30, 2025, revenues reported in the fund financial statements from local sources consisted
the following:

	General Fund	Debt Service Fund	National Nutrition Food Program	Capital Project Fund	Other Governmental Funds	Totals
Property taxes	10,993,779	$ 5,486,145	$ --	$	$ --	$ 16,479,924
Penalties & interest	125,605	815,041	--		--	940,646
Foundation, Nonprofit	74,682	--	--		--	74,682
Investment earnings	193,521	15,220	--	372,773	--	581,514
Athletic Activities	69,312	--	--	--	--	69,312
Insurance Recovery	48,112	--	--	--	--	48,112
Other	2,681,862	--	--	1,826	190,764	2,874,452
Food service fees	--	--	146,335	--	--	146,335
	14,186,873	6,316,406	146,335	374,599	190,764	21,214,977

M. Prior Period Adjustment

After the audit engagement of fiscal year ending 2024, the district has updated its accounting records on General Long Term Assets, and accordingly certain long term assets have been added. Accumulated Depreciation was also updated. Subsequently to this discovery, the district has recorded this change as prior period adjustment during early 2024/2025 fiscal year. The new balances are reflected in the government wide financials as follows:

Net Position-Ending 6/30/2024	$ (9,868,623)
Prior period adjustment- General Capital Assets	21,928,230
Net Position-Beginning, As Restated	$ 12,059,607

W

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

W

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 12,160,557	$ 13,260,557	$ 14,186,873	$ 926,316
5800	*State Program Revenues*	7,859,443	7,959,443	7,007,735	(951,708)
5900	*Federal Program Revenues*	180,000	180,000	338,285	158,285
5020	Total Revenues	20,200,000	21,400,000	21,532,893	132,893
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
11	*Instruction*	9,932,309	11,032,309	10,934,459	97,850
12	*Instructional Resources and Media Services*	78,830	84,830	81,416	3,414
13	*Curriculum and Instructional Staff Development*	15,592	5,592	3,510	2,082
	Total Instruction and Instr. Related Services	10,026,731	11,122,731	11,019,385	103,346
	Instructional and School Leadership:				
21	*Instructional Leadership*	888,853	827,853	820,013	7,840
23	*School Leadership*	1,675,097	1,740,097	1,701,615	38,482
	Total Instructional and School Leadership	2,563,950	2,567,950	2,521,628	46,322
	Student Support Services:				
31	*Guidance, Counseling and Evaluation Services*	553,450	438,450	430,454	7,996
32	*Social Work Services*	65,119	65,119	57,186	7,933
33	*Health Services*	269,019	221,019	215,950	5,069
34	*Student Transportation*	1,104,709	1,124,709	1,135,682	(10,973)
36	*Extracurricular Activities*	841,307	771,307	763,879	7,428
	Total Student Support Services	2,833,604	2,620,604	2,603,151	17,453
	Administrative Support Services:				
41	*General Administration*	1,748,783	1,468,783	1,454,019	14,764
	Total Administrative Support Services	1,748,783	1,468,783	1,454,019	14,764
	Support Services:				
51	*Facilities Maintenance and Operations*	3,552,194	4,022,194	3,897,394	124,800
52	*Security and Monitoring Services*	307,431	367,431	363,263	4,168
53	*Data Processing Services*	677,307	677,307	673,210	4,097
	Total Support Services	4,536,932	5,066,932	4,933,867	133,065
	Intergovernmental Charges:				
93	*Payments Related to Shared Services Arrangement*	20,000	23,000	22,467	533
99	*Other Intergovernmental Charges*	--	330,000	330,000	--
	Total Intergovernmental Charges	20,000	353,000	352,467	533
6030	Total Expenditures	21,730,000	23,200,000	22,884,517	315,483
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,530,000)	(1,800,000)	(1,351,624)	448,376
	Other Financing Sources (Uses):				
8911	*Transfers Out*	--	--	(1,723)	(1,723)
7080	Total Other Financing Sources and (Uses)	--	--	(1,723)	(1,723)
1200	Net Change in Fund Balance	(1,530,000)	(1,800,000)	(1,353,347)	446,653
0100	Fund Balance - Beginning	--	--	5,296,959	5,296,959
3000	Fund Balance - Ending	$ (1,530,000)	$ (1,800,000)	$ 3,943,612	$ 5,743,612

EXHIBIT G-2

EXHIBIT G-2

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
LAST TEN FISCAL YEARS

	Measurement Year *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0121836%	0.0126831%	0.0125392%	0.0125188%	0.0113105%	0.0124702%	0.0120052%	0.0130985%	0.0116409%	0.0123346%
District's proportionate share of the net pension liability (asset)	$ 7,442,278	$ 8,712,063	$ 7,444,206	$ 3,188,107	$ 6,057,695	$ 6,482,399	$ 6,607,973	$ 4,188,201	$ 4,398,937	$ 4,360,117
State's proportionate share of the net pension liability (asset) associated with the District	9,209,999	11,589,947	8,987,143	4,578,718	10,282,099	9,617,686	10,942,183	6,469,299	7,716,776	7,730,265
Total	$ 16,652,277	$ 20,302,010	$ 16,431,349	$ 7,766,825	$ 16,339,794	$ 16,100,085	$ 17,550,156	$ 10,657,500	$ 12,115,713	$ 12,090,382
District's covered-employee payroll	$ 15,663,701	$ 15,889,911	$ 14,882,793	$ 15,361,614	$ 14,280,482	$ 13,600,906	$ 13,600,922	$ 13,466,446	$ 13,523,052	$ 12,450,291
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.51%	54.83%	50.02%	20.75%	42.42%	47.66%	48.58%	31.10%	32.53%	35.02%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

* The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

EXHIBIT G-3

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
TECHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 733,770	$ 715,091	$ 2,072,195	$ 565,099	$ 540,654	$ 468,611	$ 208,408	$ 203,461	$ 206,563	$ 206,928
Contributions in relation to the contractually required contribution	(733,770)	(715,091)	(2,072,195)	(565,099)	(540,654)	(468,611)	(208,408)	(203,461)	(206,563)	(206,928)
Contribution deficiency (excess)	$ --	$ --	--	--	--	--	--	--	--	--
District's covered-employee payroll	$ 15,461,983	$ 15,750,240	$ 15,742,644	$ 14,963,857	$ 15,147,767	$ 14,280,842	$ 13,600,922	$ 13,466,446	$ 13,523,052	$ 12,450,291
Contributions as a percentage of covered-employee payroll	4.75%	4.54%	13.16%	3.78%	3.57% --	3.28%	1.53%	1.51%	1.53%	1.66%

EXHIBIT G-4

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	Measurement Year **									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net OPEB liability	0.0167408%	0.0173054%	0.0169970%	0.0183445%	0.0170749%	0.0174485%	0.0170460%	0.0170105%	--	--
District's proportionate share of the collective net OPEB liability	$ 5,081,100	$ 3,831,123	$ 4,069,754	$ 7,076,283	$ 6,490,932	$ 8,251,607	$ 8,511,221	$ 7,397,247	$ --	$ --
State proportionate share of the collective net OPEB liability associated with the District	$ 6,366,550	$ 4,622,839	$ 4,964,460	9,480,642	8,722,257	10,964,539	11,038,418	10,079,874	--	--
Total	$ 11,447,650	$ 8,453,962	$ 9,034,214	$ 16,556,925	$ 15,213,189	$ 19,216,146	$ 19,549,639	$ 17,477,121	$ --	$ --
District's covered-employee payroll	$ 15,663,701	$ 15,889,911	$ 14,882,793	$ 15,361,614	$ 14,280,482	$ 13,600,906	$ 13,600,922	$ 11,380,380	$ --	$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	32.44%	24.11%	27.35%	46.06%	45.45%	60.67%	62.58%	65.00%	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%		

* This schedule is presented to 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.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

EXHIBIT G-5

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required District contribution	$ 162,372	$ 150,529	$ 1,566,714	$ 111,116	$ 140,953	$ 115,524	$ 102,007	$ 100,978	$ --	$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(162,372)	(150,529)	(1,566,714)	(111,116)	(140,953)	(115,524)	(102,007)	(100,978)	--	--
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 15,461,983	$ 15,750,240	$ 14,963,857	$ 14,963,857	$ 15,147,767	$ 14,280,842	$ 13,600,922	$ 11,380,380	$ --	$ --
Contributions as a percentage of covered-employee payroll	1.05%	0.96%	9.95%	0.74%	0.93%	0.81%	0.75% --	0.89%	--	--

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

Budget

The official budget was prepared for adoption for all Governmental 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.:

a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, 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 that 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.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Combining Statements and Budget Comparisons
as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

Data Control Codes		211 ESEA Title I Improving Basic Programs	213 ESEA Title 1, 1003 ESF Focused Support Grant	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ (81,671)	$ --	$ 408,403	$ --
1240	*Due from Other Governments*	167,792	--	121,133	8,610
1260	*Due from Other Funds*	--	--	--	--
1290	*Other Receivables*	--	--	--	--
1300	*Inventories*	--	--	--	--
1410	*Unrealized Expenditures*	1	--	--	--
1000	Total Assets	86,122	--	529,536	8,610
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ --	$ --	$ --	$ --
2150	*Payroll Deductions and Withholdings*	4,549	--	296	--
2160	*Accrued Wages Payable*	81,573	--	10,972	--
2170	*Due to Other Funds*	--	--	518,268	8,610
2000	Total Liabilities	86,122	--	529,536	8,610
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	--	--	--	--
3490	*Other Restrictions of Fund Balance*	--	--	--	--
	Unassigned, Reported in Nonmajor:				
3610	*Special Revenue Funds*	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	$ 86,122	$ --	$ 529,536	$ 8,610

The accompanying notes are an integral part of this statement.

240 National School Breakfast/Lunch Program	244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title V Part B, Subpart 2 Rural School
$ 797,521	$ --	$ 17,237	$ 1,028	$ --
--	--	18,636	--	--
--	--	--	--	--
--	--	--	--	--
59,662	--	--	--	--
--	--	--	--	--
857,183	--	35,873	1,028	--
$ --	$ --	$ --	$ --	$ --
(3,907)	--	--	--	--
56,186	--	--	--	--
--	--	35,873	1,028	--
52,279	--	35,873	1,028	--
804,904	--	--	--	--
--	--	--	--	--
--	--	--	--	--
804,904	--	--	--	--
$ 857,183	$ --	$ 35,873	$ 1,028	$ --

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

Data Control Codes		279 Texas COVID Learning Acceleration (TCLAS)	288 Special Revenue Fund	289 Emergency Impact Aid LEA
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 4,345	$ 24,794	$ --
1240	*Due from Other Governments*	--	--	--
1260	*Due from Other Funds*	--	--	--
1290	*Other Receivables*	--	--	--
1300	*Inventories*	--	--	--
1410	*Unrealized Expenditures*	--	--	--
1000	Total Assets	4,345	24,794	--
	LIABILITIES:			
	Current Liabilities:			
2110	*Accounts Payable*	$ --	$ --	$ --
2150	*Payroll Deductions and Withholdings*	--	--	--
2160	*Accrued Wages Payable*	--	--	--
2170	*Due to Other Funds*	4,345	10,500	--
2000	Total Liabilities	4,345	10,500	--
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	*Federal/State Funds Grant Restrictions*	--	14,294	--
3490	*Other Restrictions of Fund Balance*	--	--	--
	Unassigned, Reported in Nonmajor:			
3610	*Special Revenue Funds*	--	--	--
3000	Total Fund Balances	--	14,294	--
4000	Total Liabilities and Fund Balances	$ 4,345	$ 24,794	$ --

The accompanying notes are an integral part of this statement.

410 State Textbook Fund	425 State Funded Special Revenue Fund	427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund	437 Special Education
$ --	$ --	$ 46,035	$ 51,894	$ --
--	82,751	--	18,700	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	82,751	46,035	70,594	--
$ --	$ --	$ --	$ --	$ --
--	94	--	423	--
--	2,666	--	7,480	--
--	79,991	46,035	62,691	--
--	82,751	46,035	70,594	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
$ --	$ 82,751	$ 46,035	$ 70,594	$ --

W

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

Data Control Codes		461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 199,957	$ 5,695	$ 1,475,238
1240	*Due from Other Governments*	--	--	417,622
1260	*Due from Other Funds*	753	--	753
1290	*Other Receivables*	1,280	--	1,280
1300	*Inventories*	--	--	59,662
1410	*Unrealized Expenditures*	--	--	1
1000	Total Assets	201,990	5,695	1,954,556
	LIABILITIES:			
	Current Liabilities:			
2110	*Accounts Payable*	$ 4,566	$ --	$ 4,566
2150	*Payroll Deductions and Withholdings*	--	--	1,455
2160	*Accrued Wages Payable*	--	--	158,877
2170	*Due to Other Funds*	--	--	767,341
2000	Total Liabilities	4,566	--	932,239
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	*Federal/State Funds Grant Restrictions*	--	--	819,198
3490	*Other Restrictions of Fund Balance*	19,769	5,695	25,464
	Unassigned, Reported in Nonmajor:			
3610	*Special Revenue Funds*	177,655	--	177,655
3000	Total Fund Balances	197,424	5,695	1,022,317
4000	Total Liabilities and Fund Balances	$ 201,990	$ 5,695	$ 1,954,556

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		211 ESEA Title I Improving Basic Programs	213 ESEA Title 1, 1003 ESF Focused Support Grant	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ --	$ --	$ --
5800	*State Program Revenues*	--	--	--	--
5900	*Federal Program Revenues*	692,765	200,571	463,459	8,610
5020	Total Revenues	692,765	200,571	463,459	8,610
	EXPENDITURES:				
	Current:				
0011	*Instruction*	692,765	200,571	463,459	8,610
0023	*School Leadership*	--	--	--	--
0035	*Food Service*	--	--	--	--
0041	*General Administration*	--	--	--	--
0052	*Security and Monitoring Services*	--	--	--	--
6030	Total Expenditures	692,765	200,571	463,459	8,610
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
	Other Financing Sources and (Uses):				
7915	*Transfers In*	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	$ --	$ --	$ --	$ --

The accompanying notes are an integral part of this statement.

240 National School Breakfast/Lunch Program	244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title V Part B, Subpart 2 Rural School
$ 146,335	$ --	$ --	$ --	$ --
16,716	--	--	--	--
1,234,326	31,429	104,793	13,165	29,536
1,397,377	31,429	104,793	13,165	29,536
--	31,429	--	13,165	29,536
--	--	--	--	--
1,523,315	--	--	--	--
--	--	104,793	--	--
--	--	--	--	--
1,523,315	31,429	104,793	13,165	29,536
(125,938)	--	--	--	--
1,723	--	--	--	--
1,723	--	--	--	--
(124,215)	--	--	--	--
929,119	--	--	--	--
$ 804,904	$ --	$ --	$ --	$ --

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		279 Texas COVID Learning Acceleration (TCLAS)	288 Special Revenue Fund	289 Emergency Impact Aid LEA
	REVENUES:			
5700	*Local and Intermediate Sources*	$ --	$ --	$ --
5800	*State Program Revenues*	--	56,794	--
5900	*Federal Program Revenues*	3,960	--	51,441
5020	Total Revenues	3,960	56,794	51,441
	EXPENDITURES:			
	Current:			
0011	*Instruction*	3,960	--	51,441
0023	*School Leadership*	--	--	--
0035	*Food Service*	--	--	--
0041	*General Administration*	--	--	--
0052	*Security and Monitoring Services*	--	42,500	--
6030	Total Expenditures	3,960	42,500	51,441
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	14,294	--
	Other Financing Sources and (Uses):			
7915	*Transfers In*	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--
1200	Net Change in Fund Balances	--	14,294	--
0100	Fund Balances - Beginning	--	--	--
3000	Fund Balances - Ending	$ --	$ 14,294	$ --

The accompanying notes are an integral part of this statement.

410 State Textbook Fund	425 State Funded Special Revenue Fund	427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund
$ --	$ --	$ --	$ --
53,857	268,500	48,189	41,360
--	--	--	--
53,857	268,500	48,189	41,360
53,857	225,187	--	6,500
--	31,822	--	--
--	--	--	--
--	11,491	5,100	1,200
--	--	43,089	33,660
53,857	268,500	48,189	41,360
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
$ --	$ --	$ --	$ --

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 190,764	$ --	$ 337,099
5800	*State Program Revenues*	--	--	485,416
5900	*Federal Program Revenues*	--	--	2,834,055
5020	Total Revenues	190,764	--	3,656,570
	EXPENDITURES:			
	Current:			
0011	*Instruction*	204,736	--	1,985,216
0023	*School Leadership*	--	--	31,822
0035	*Food Service*	--	--	1,523,315
0041	*General Administration*	--	--	122,584
0052	*Security and Monitoring Services*	--	--	119,249
6030	Total Expenditures	204,736	--	3,782,186
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(13,972)	--	(125,616)
	Other Financing Sources and (Uses):			
7915	*Transfers In*	--	--	1,723
7080	Total Other Financing Sources and (Uses)	--	--	1,723
1200	Net Change in Fund Balances	(13,972)	--	(123,893)
0100	Fund Balances - Beginning	211,396	5,695	1,146,210
3000	Fund Balances - Ending	$ 197,424	$ 5,695	$ 1,022,317

The accompanying notes are an integral part of this statement.

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Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	1	2	3	10
Year Ended	Tax Rates		Assessed/Appraised	Beginning
June 30	Maintenance	Debt Service	Value For School Tax Purposes	Balance 7/1/24
2016 and Prior Years	$ Various	Various	Various	284,971
2017	1.1700	0.0270	988,205,514	24,150
2018	1.1700	0.0270	1,146,091,562	29,705
2019	1.0900	0.1070	1,353,600,167	122,592
2020	1.0165	0.2807	1,292,121,884	95,500
2021	1.0028	0.2836	1,308,062,802	94,884
2022	0.9634	0.3500	1,273,231,157	133,949
2023	0.9287	0.3464	1,421,239,424	856,909
2024	0.7380	0.3464	1,468,579,394	1,468,755
2025 (School Year Under Audit)	0.6906	0.3464	1,630,765,473	--
1000 Totals				$ 3,111,415

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/25	99 Total Taxes Refunded Under Sect. 26.1115(c)
	3,640	442		$ 280,889	
	1,269	29		22,852	
	1,214	28		28,463	
	2,438	239		119,915	
	4,815	1,330		89,355	
	5,681	1,606		87,597	
	4,646	5,979	(15,304)	108,020	
	33,872	17,428	(4,563)	801,046	
	106,460	80,747	(46,154)	1,235,394	
16,498,436	10,720,473	5,511,146	582,240	849,057	
$ 16,498,436	$ 10,884,508	$ 5,618,974	$ 516,219	$ 3,622,588	
					$ --
	$ --				

WHARTON INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF JUNE 30, 2025

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 2,163,941
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	$ 2,163,941
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 161,290
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$ 161,290

FUND 511
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 4,767,482	$ 6,316,406	$ 1,548,924
5800	*State Program Revenues*	10,000	448,809	438,809
5020	Total Revenues	4,777,482	6,765,215	1,987,733
	EXPENDITURES:			
	Debt Service:			
0071	*Debt Service*	2,325,000	2,325,000	--
0072	*Interest on Long-Term Debt*	2,145,980	2,145,980	--
0073	*Bond Issuance Costs and Fees*	10,000	4,125	5,875
	Total Debt Service	4,480,980	4,475,105	5,875
6030	Total Expenditures	4,480,980	4,475,105	5,875
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	296,502	2,290,110	1,993,608
1200	Net Change in Fund Balance	296,502	2,290,110	1,993,608
0100	Fund Balance - Beginning	--	3,011,481	3,011,481
3000	Fund Balance - Ending	$ 296,502	$ 5,301,591	$ 5,005,089

WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 128,000	$ 146,335	$ 18,335
5800	*State Program Revenues*	6,000	16,716	10,716
5900	*Federal Program Revenues*	1,333,000	1,234,326	(98,674)
5020	Total Revenues	1,467,000	1,397,377	(69,623)
	EXPENDITURES:			
	Current:			
	Student Support Services:			
0035	*Food Services*	1,667,000	1,523,315	143,685
	Total Student Support Services	1,667,000	1,523,315	143,685
6030	Total Expenditures	1,667,000	1,523,315	143,685
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(200,000)	(125,938)	74,062
	Other Financing Sources (Uses):			
7915	*Operating Transfers In*	--	1,723	1,723
7080	Total Other Financing Sources and (Uses)	--	1,723	1,723
1200	Net Change in Fund Balance	(200,000)	(124,215)	75,785
0100	Fund Balance - Beginning	929,119	929,119	--
3000	Fund Balance - Ending	$ 729,119	$ 804,904	$ 75,785

Harry Afadapa & Associates, PC
Certified Public Accountants
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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
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Wharton Independent School District's basic financial statements, and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wharton Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Wharton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wharton Independent School 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 Wharton Independent School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wharton Independent School 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 Wharton Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Cypress, Texas
October 10, 2025

Harry Afadapa & Associates, PC
Certified Public Accountants
16115 Crooked Lake Way N.
Cypress, Texas 77433
(832) 960-7977~ww .afadapa.com

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Progam

We have audited Wharton Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Wharton Independent School District's major federal programs for the year ended June 30, 2025. Wharton 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, Wharton Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Progam

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

We are required to be independent of Wharton Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wharton 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 Wharton 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 Wharton 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wharton Independent School District's compliance with the requirements of each major federal program as a whole.

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

- 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 Wharton 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 Wharton 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 Wharton 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.

Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Cypress, Texas
October 10, 2025

W

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weaknesses identified?	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

2. Federal Awards

Internal control over major programs:	
One or more material weaknesses identified?	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Version of compliance supplement used in audit.	November 2025
Are there any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Federal Regulations (2 CFR 200.516(a))?	No
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Identification of Major Programs Categories:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010a	ESEA Title 1 Part A - Improving Basic Prog
84.010a	Title 1, 1003 Focused Support Grant
10.553/10.555/10.556	Federal Child Nutrition Program

B. Financial Statement Findings

None.

C. Federal Award Findings and Questioned Costs

None.

WHARTON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
None		

WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal ALN Number	(2A) Pass-Through Entity Identifying Number	Passed Through to Subrecipients	(3) Federal Expenditures
U. S. Department of Education				
Direct Programs:				
Federally Funded Special Revenue Funds	84.424a	24680101241904	$ --	$ 16,775
Federally Funded Special Revenue Funds	84.424a	25680101241904	--	34,666
Total Direct Programs			--	51,441
IDEA-Part B, Formula	84.027	25660001241904	--	463,459
IDEA-Part B, Preschool	84.173	25661001241904	--	8,610
				472,069
OTHER PROGRAMS:				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	25610101241904	--	692,765
Title I, 1003 Focused Support Grant	84.010a	24610139710085	--	200,571
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	24694501241904	--	40,223
Title II, Part A - Teacher and Principal Training and Recruiting	84.367a	25694501241904	--	64,570
				104,793
Title III, Part A-English Language Acquisition and Language Enhanc	84.365a	25671001241904	--	13,165
Texas COVID Learning Acceleration Supports (TCLAS)-State ESSE	84.425U	21528042241904	--	3,960
Career and Technical Education - Basic Grant	84.048	24420006241904	--	5,000
Career and Technical Education - Basic Grant	84.048	25420006241904	--	26,429
				31,429
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grar	84.358a	24696001241904	--	4,770
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grar	84.358a	25696001241904	--	24,766
			--	29,536
Total Passed Through State Department of Education			--	1,548,288
Total U. S. Department of Education			--	1,599,729
U.S. Department of Agriculture				
Pass Through Texas Department of Agriculture:				
Pass Through State Department of Education:				
Child Nutrition Cluster				
Commodity Supplemental Food Program (Non-cash)	10.555			66,319
School Breakfast Program	10.553	714025	--	340,927
Total CFDA Number 10.553				340,927
National School Lunch Program	10.555	713025	--	1,116,069
Total CFDA Number 10.555				1,116,069
Total U. S. Department of Agriculture			--	1,523,315
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ --	$ **3,123,044**
TOTAL EXPENDITURES PER EXHIBIT H-2				3,782,186
Less: Non-Federal Expenditure per Exhibit H-2				(659,142)
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ --	$ **3,123,044**

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Wharton Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Wharton Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2025

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 daysfrom 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	$ --

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