BRACKETT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2025

BRACKETT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CERTIFICATE OF BOARD

Brackett Independent School District	Kinney	136901
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 ________ of __________________________ , 2025.

______________________________________ ______________________________________

Signature of Board Secretary Signature of Board President

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

(attach list as necessary)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Brackett Independent School District
201 N Ann Street
Brackettville, Texas 78832

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brackett Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Brackett Independent School District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brackett 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brackett 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.

Change in Accounting Principle

As described in Note I to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Brackett Independent School District's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brackett Independent School 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District Contributions for Other Post-Employment Benefits on pages 7-12 and 51-59 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brackett Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in exhibits identified in the Table of Contents as Exhibits J-1, J-2, and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2025, on our consideration of the Brackett 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 the Brackett Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Brackett Independent School District's internal control over financial reporting and compliance.

Coleman, Horton and Company, LLP

Uvalde, Texas
August 8, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of the Brackett Independent School District (the District) is presented in six sections, Management's Discussion and Analysis (this part), Basic Financial Statements, Required Supplementary Information, Combining and Other Schedules, T.E.A. Required Schedules, and the Federal Section. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

The basic financial statements include two kinds of statements that present different views of the District:

* The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
* The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
* The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

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

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

* Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
* To assess the overall health of the District, you need to consider additional nonfinancial factors, such as changes in the District's tax base.

The government-wide financial statements of the District include the *governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds,* not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

* Some funds are required by State law and by bond covenants.

* The Board of Trustees establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain taxes and grants.

The District has two types of funds:

* *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.
* *Fiduciary funds* - The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Highlights

* The District's combined net position was $9,141,968 at June 30, 2025, a decrease of $635,429 from day-to-day operations and a decrease of $273,296 from restatement of beginning net position due to the implementation of GASB 101, *Compensated Absences*.

* During the year, the District's revenues were $10,396,508 as reflected below:

		Governmental Activities		
		Current Year	Prior Year	Change
a)	Taxes	$ 6,115,590	$ 5,994,109	$ 121,481
b)	State revenue	1,054,547	1,134,310	(79,763)
c)	Federal revenue	1,262,833	1,170,044	92,789
d)	Investment earnings	273,673	339,248	(65,575)
e)	Charges for services	1,241,450	307,035	934,415
f)	Other revenue	448,415	67,582	380,833
	Total	$ 10,396,508	$ 9,012,328	$ 1,384,180

* During the year, the District's expenses were $11,031,937 as reflected below:

		Governmental Activities		
		Current Year	Prior Year	Change
a)	Instruction and instructional related	$ 4,723,856	$ 5,118,096	$ (394,240)
b)	Instruction and school leadership	562,088	462,628	99,460
c)	Guidance, social work, health, transportation	835,513	722,765	112,748
d)	Food services	550,293	558,409	(8,116)
e)	Extracurricular activities	789,192	740,550	48,642
f)	General administration	669,324	708,889	(39,565)
g)	Plant maintenance and security	1,899,300	1,423,542	475,758
h)	Data processing services	148,471	285,493	(137,022)
i)	Community services	238	384	(146)
j)	Debt service	24,063	24,259	(196)
k)	Contracted inst services between schools	485,966	-	485,966
l)	Payments to fiscal agent/member districts - shared service	183,375	184,735	(1,360)
m)	Other intergovernmental charges	160,258	139,005	21,253
	Total Expenses	$ 11,031,937	$ 10,368,755	$ 663,182

* The General Fund reported a fund balance of $5,199,500, a decrease of $726,848 from the prior year.

* The General Fund transferred $138,408 during the year to the Child Nutrition Program.

* The property tax rate decreased $0.0023 cents. The taxable value increased during the year by $81,842,788. The tax levy increased by $524,694.

* The District's combined net position was $9,141,968 at June 30, as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	$ 6,370,830	$ 6,643,512	$ (272,682)
Capital and non-current assets	9,445,488	9,622,570	(177,082)
Total Assets	$ 15,816,318	$ 16,266,082	$ (449,764)
Deferred outflows	$ 2,253,519	$ 2,781,906	$ (528,387)
Current liabilities	$ 805,807	$ 432,276	$ 373,531
Long-term liabilities	5,624,854	5,759,229	(134,375)
Total Liabilities	$ 6,430,661	$ 6,191,505	$ 239,156
Deferred inflows	$ 2,497,208	$ 2,805,790	$ (308,582)
Net position:			
Net investment in capital assets	$ 8,511,930	$ 8,602,439	$ (90,509)
Restricted	74,857	34,707	40,150
Unrestricted	555,181	1,413,547	(858,366)
Total Net Position	$ 9,141,968	$ 10,050,693	$ (908,725)

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District as of June 30, 2025, were $9,445,488. It is the District's policy to charge off as a current expenditure any purchase less than $5,000. Total capital assets recorded are reflected below:

District's Capital Assets

	Governmental Activities		
	Current Year	Prior Year	Change
Land	$ 580,991	$ 580,991	$ -
Buildings and improvements	18,472,800	18,472,800	-
Equipment and vehicles	2,247,141	1,878,106	369,035
Construction in progress	-	-	-
Right-to-use lease assets	134,109	130,094	4,015
Totals at historical cost	$ 21,435,041	$ 21,061,991	$ 373,050
Total accumulated depreciation	(11,989,553)	(11,439,421)	(550,132)
Net Capital Assets	$ 9,445,488	$ 9,622,570	$ (177,082)

Long-term Debt

The District had the following long-term debt obligations as of June 30, 2025:

District's Long-Term Liabilities

	Governmental Activities		
	Current Year	Prior Year	Change
Maintenance tax notes	$ 835,000	$ 915,000	$ (80,000)
Right-to-use lease liabilities	98,558	105,131	(6,573)
Compensated Absences	269,138	273,296	(4,158)
Total Long-Term Liabilities	$ 1,202,696	$ 1,293,427	$ (4,158)

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget. Actual expenditures were $204,105 below final budget amounts. The most significant positive variance resulted from staffing and budget efficiencies. Additionally, resources available were $62,634 less than the final budgeted amounts.

- Local revenue sources were $24,030 more than expected.
- State funding was less than budgeted amounts by $87,873.
- Federal revenue was $1,209 more than budgeted.

Contacting the District's Financial Management

This financial report is designed for customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District's Business Services Department.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 193,098
1120	Current Investments	5,321,407
1220	Property Taxes - Delinquent	277,537
1230	Allowance for Uncollectible Taxes	(27,754)
1240	Due from Other Governments	381,404
1290	Other Receivables, Net	84,217
1410	Prepayments	140,921
	Capital Assets:	
1510	Land	580,991
1520	Buildings, Net	8,143,111
1530	Furniture and Equipment, Net	624,072
1550	Right-to-Use Leased Assets, Net	97,314
1000	Total Assets	15,816,318
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Outflow Related to TRS Pension	863,930
1706	Deferred Outflow Related to TRS OPEB	1,389,589
1700	Total Deferred Outflows of Resources	2,253,519
	LIABILITIES	
2110	Accounts Payable	4,044
2140	Interest Payable	6,824
2160	Accrued Wages Payable	289,932
2180	Due to Other Governments	485,966
2200	Accrued Expenses	14,425
2300	Unearned Revenue	4,616
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	255,595
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	947,101
2540	Net Pension Liability (District's Share)	2,519,598
2545	Net OPEB Liability (District's Share)	1,902,560
2000	Total Liabilities	6,430,661
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	329,536
2606	Deferred Inflow Related to TRS OPEB	2,167,672
2600	Total Deferred Inflows of Resources	2,497,208
	NET POSITION	
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	8,511,930
3820	Restricted for Federal and State Programs	74,857
3900	Unrestricted	555,181
3000	Total Net Position	$ 9,141,968

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position 6 Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 4,554,101	$ 1,026,572	$ 512,027	$ (3,015,502)
12	Instructional Resources and Media Services	47,654	-	-	(47,654)
13	Curriculum and Instructional Staff Development	122,101	-	76,048	(46,053)
21	Instructional Leadership	159,039	-	129,406	(29,633)
23	School Leadership	403,049	-	-	(403,049)
31	Guidance, Counseling, and Evaluation Services	322,003	-	188,267	(133,736)
32	Social Work Services	32,301	-	22,514	(9,787)
33	Health Services	68,935	-	-	(68,935)
34	Student (Pupil) Transportation	412,274	2,222	-	(410,052)
35	Food Services	550,293	37,485	349,743	(163,065)
36	Extracurricular Activities	789,192	169,906	-	(619,286)
41	General Administration	669,324	-	3,070	(666,254)
51	Facilities Maintenance and Operations	1,519,169	2,320	28,514	(1,488,335)
52	Security and Monitoring Services	380,131	-	371,382	(8,749)
53	Data Processing Services	148,471	2,945	-	(145,526)
61	Community Services	238	-	238	-
72	Debt Service - Interest on Long-Term Debt	24,063	-	-	(24,063)
91	Contracted Instructional Services Between Schools	485,966	-	-	(485,966)
93	Payments Related to Shared Services Arrangements	183,375	-	-	(183,375)
99	Other Intergovernmental Charges	160,258	-	-	(160,258)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 11,031,937	$ 1,241,450	$ 1,681,209	(8,109,278)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	6,115,590
SF	State Aid - Formula Grants	383,611
GC	Grants and Contributions not Restricted	252,560
IE	Investment Earnings	273,673
MI	Miscellaneous Local and Intermediate Revenue	448,415
TR	Total General Revenues	7,473,849
CN	Change in Net Position	(635,429)
NB	Net Position - Beginning as Previously Reported	10,050,693
PA	Prior Period Adjustment	(273,296)
	Net Position - Beginning as Restated and Adjusted	9,777,397
NE	Net Position - Ending	$ 9,141,968

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 19,821	$ 173,277	$ 193,098
1120	Investments - Current	5,321,407	-	5,321,407
1220	Property Taxes - Delinquent	277,537	-	277,537
1230	Allowance for Uncollectible Taxes	(27,754)	-	(27,754)
1240	Due from Other Governments	103,493	277,911	381,404
1260	Due from Other Funds	289,431	-	289,431
1290	Other Receivables	84,217	-	84,217
1410	Prepayments	140,921	-	140,921
1000	Total Assets	$ 6,209,073	$ 451,188	$ 6,660,261
	LIABILITIES			
2110	Accounts Payable	$ 3,474	$ 570	$ 4,044
2160	Accrued Wages Payable	273,947	15,985	289,932
2170	Due to Other Funds	14,508	274,923	289,431
2180	Due to Other Governments	485,966	-	485,966
2200	Accrued Expenditures	13,138	1,287	14,425
2300	Unearned Revenue	-	4,616	4,616
2000	Total Liabilities	791,033	297,381	1,088,414
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	218,540	-	218,540
2600	Total Deferred Inflows of Resources	218,540	-	218,540
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	74,857	74,857
	Committed Fund Balance:			
3510	Construction	1,500,000	-	1,500,000
3520	Claims and Judgements	100,000	-	100,000
3530	Capital Expenditures for Equipment	150,000	-	150,000
3545	Other Committed Fund Balance	-	78,950	78,950
3600	Unassigned Fund Balance	3,449,500	-	3,449,500
3000	Total Fund Balances	5,199,500	153,807	5,353,307
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 6,209,073	$ 451,188	$ 6,660,261

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

	Total Fund Balances - Governmental Funds	$	5,353,307
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $21,061,991 and the accumulated depreciation was $(11,439,421). In addition, long-term debt liabilities of $(1,020,131), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		8,602,439
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and decreases in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays of $389,044 and long-term debt payments of $106,582 is to increase net position.		495,626
3	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of $(2,519,598), a deferred resource inflow related to TRS in the amount of $(329,536), and a deferred resource outflow related to TRS in the amount of $863,930. The net effect of including the GASB 68 recognition is to decrease net position.		(1,985,204)
4	Included in the items related to debt is the recognition of the District's proportionate share of the other post-employment benefits (OPEB) liability required by GASB 75 in the amount of $(1,902,560), a deferred resource inflow of $(2,167,672), and a deferred resource outflow for the OPEB in the amount of $1,389,589. The net effect of including the GASB 75 recognition is to decrease net position.		(2,680,643)
5	The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(566,126)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue of $218,540 from property taxes as revenue, recognizing accrued interest on debt payable within one year of $(6,824), recognizing compensated absences in accordance with GASB 101 of $(269,138) and reclassifying proceeds from right-to-use leases of $(20,009). The net effect of these reclassifications and recognitions is to increase net position.		(77,431)
29	**Net Position of Governmental Activities**	$	9,141,968

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

BRACKETT 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	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 7,870,690	$ 177,695	$ 8,048,385
5800	State Program Revenues	802,353	482,380	1,284,733
5900	Federal Program Revenues	64,004	1,198,829	1,262,833
5020	Total Revenues	8,737,047	1,858,904	10,595,951
	EXPENDITURES:			
	Current:			
0011	Instruction	4,053,126	512,026	4,565,152
0012	Instructional Resources and Media Services	50,406	-	50,406
0013	Curriculum and Instructional Staff Development	43,640	76,048	119,688
0021	Instructional Leadership	24,319	129,406	153,725
0023	School Leadership	399,702	-	399,702
0031	Guidance, Counseling, and Evaluation Services	132,249	188,268	320,517
0032	Social Work Services	10,108	22,514	32,622
0033	Health Services	72,202	-	72,202
0034	Student (Pupil) Transportation	310,484	-	310,484
0035	Food Services	16,530	485,486	502,016
0036	Extracurricular Activities	838,957	131,241	970,198
0041	General Administration	707,516	3,070	710,586
0051	Facilities Maintenance and Operations	1,498,600	28,514	1,527,114
0052	Security and Monitoring Services	10,822	371,382	382,204
0053	Data Processing Services	215,818	-	215,818
0061	Community Services	-	238	238
	Debt Service:			
0071	Principal on Long-Term Liabilities	106,582	-	106,582
0072	Interest on Long-Term Liabilities	24,836	-	24,836
	Intergovernmental:			
0091	Contracted Instructional Services Between Schools	485,966	-	485,966
0093	Payments to Fiscal Agent/Member Districts of SSA	183,375	-	183,375
0099	Other Intergovernmental Charges	160,258	-	160,258
6030	Total Expenditures	9,345,496	1,948,193	11,293,689
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(608,449)	(89,289)	(697,738)
	OTHER FINANCING SOURCES (USES):			
7913	Right-to-Use Lease and SBITA Proceeds	20,009	-	20,009
7915	Transfers In	-	138,408	138,408
8911	Transfers Out (Use)	(138,408)	-	(138,408)
7080	Total Other Financing Sources (Uses)	(118,399)	138,408	20,009
1200	Net Change in Fund Balances	(726,848)	49,119	(677,729)
0100	Fund Balance - July 1 (Beginning)	5,926,348	104,688	6,031,036
3000	Fund Balance - June 30 (Ending)	$ 5,199,500	$ 153,807	$ 5,353,307

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

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

Total Net Change in Fund Balances - Governmental Funds	$	(677,729)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and decreases in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays of $389,044 and long-term debt payments of $106,582 is to increase net position.		495,626
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(566,126)
Current year changes due to GASB 68 increased revenues in the amount of $174,875 but also increased expenditures in the amount of $(303,296). The net effect was to decrease net position.		(128,421)
Current year changes due to GASB 75 decreased revenues in the amount of $(405,061) and decreased expenditures in the amount of $630,617. The net effect was an increase in net position.		225,556
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue of $30,743, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of right-to-use leases of $(20,009), recording the change in compensated absences of $4,158 and recognizing the change in liabilities associated with maturing long-term debt and interest $773. The net effect of these reclassifications and recognitions is to decrease net position.		15,665
Change in Net Position of Governmental Activities	$	(635,429)

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

EXHIBIT E-1

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 54,848
Total Assets	54,848
NET POSITION	
Restricted for Campus Activities	28,594
Restricted for Scholarships	26,254
Total Net Position	$ 54,848

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

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

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	$ 10,800
Enterprising Services Revenue	40,447
Total Additions	51,247
DEDUCTIONS:	
Supplies and Materials	28,689
Other Deductions	6,165
Total Deductions	34,854
Change in Fiduciary Net Position	16,393
Total Net Position - July 1 (Beginning)	38,455
Total Net Position - June 30 (Ending)	$ 54,848

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Brackett Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in ***GASB Statement No. 76***; and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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's 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.

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.

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

Changes in Accounting and Changes To or Within the Financial Reporting Entity. As required by ***GASB Statement No. 100***, the District must disclose in these notes any change in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. The impact of all of these changes are presented in the financial statements as an adjustment and/or restatement of the beginning net position, fund balance, or fund net position as applicable at the earliest period presented.

<u>Change in Accounting Principle</u> – The District implemented GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. This statement redefined compensated absences to include local and state leave and clarified the criteria for recognizing liabilities for both used and unused leave. The District has restated its beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2024 by $273,296. The District also recognizes a liability for compensated absences that have been used but not yet paid, and these amounts are included in the long-term debt liability of the District.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity". There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

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

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept, that is, when they are both measurable and available. The District considers them available if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Fiduciary funds include Custodial Funds. Data from fiduciary funds are not included in the government-wide statements.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund type(s):

Governmental Funds:

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

Fiduciary Funds:

2. **Custodial Funds** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. The District's Custodial Fund is the Student Activity Fund.

E. FUND BALANCE POLICY

The District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **nonspendable** classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications; committed, assigned, and unassigned.

From time to time, the Board may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions, and other purposes determined by the Board.

The Board may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to unrestricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned, then unassigned.

By a majority vote in a scheduled meeting the Board may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

F. OTHER ACCOUNTING POLICIES

1. The District records the purchase of supplies as expenditures.
2. The District records its investments in external investment pools at cost, which approximates fair value.
3. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance are obtained from the Texas Association of School Board's Risk Management Fund. Risk of loss is not retained by the District.
4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.
6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial assets as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing resources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.
7. There is no liability for unpaid accumulated sick leave in the fund statements since the District does not have a policy to pay any amounts when employees separate from service with the government. It is the District's policy to permit employees to accumulate sick leave and local leave as specified by GASB 101, *Compensated Absences*. There is a liability recorded for the accumulation of this leave on the government-wide financial statements. Any changes from year to year is reflected as liquidated liability and recorded as an expense in the applicable reporting period for government-wide statements.
8. Capital assets, which include land, buildings, furniture and equipment, and right-to-use lease assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Right-to-use lease assets are also reported in the applicable governmental column in the government-wide financial statements. Capitalization of right-to-use lease assets is determined by the significance of total future financial obligations for the lease when measured at inception of the lease term. The term of the lease must be the noncancelable period during which the District has the right to use the tangible asset(s) of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made.

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

Buildings, furniture and equipment, and lease assets of the District are depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

Assets	Years
Buildings	40
Improvements	10
Vehicles	7
Equipment	5

9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government-wide statement of net position. In the government-wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB).

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board adopts an appropriated budget for the General Fund and Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the Food Service Fund Budget report is Exhibit J-2.

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year-end. Due to the District's policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	June 30, 2025 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	$ 74,857
Nonappropriated Budget Funds	78,950
All Special Revenue Funds	$ 153,807

B. EXPENDITURES OVER APPROPRIATIONS

As noted in Exhibit G, Function 91 incurred expenses exceeding appropriations by $114,817. This excess is primarily attributable to the estimated recapture amounts of property taxes that must be remitted to the State of Texas.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

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

As of June 30, 2025, the District had funds on deposit of $274,819 in excess of FDIC coverage, secured by pledged securities of the depository bank.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the entity to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers' acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of June 30, 2025, the District had the following investments:

Investment Type and Description	Credit Rating	Weighted Average Maturity	Fair Value
Public Funds Investment Pools			
Lone Star Government Overnight Fund	AAAm	60 days	$ 5,321,407
			$ 5,321,407

Public Funds Investment Pools - Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and are subject to the provisions of 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.

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' fourteen 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 AAAm by Standard and Poor's. Lone Star has no limitations or restrictions on withdrawals. The District is invested in the Government Overnight Fund of Lone Star. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar.. The Government Overnight and Corporate Overnight Funds value all investments at amortized cost and are operated in accordance with GASB 79. The Corporate Overnight Plus Fund values all investments at fair value and is operated in accordance with GASB 72.

The Pool is governed by a fourteen-member board of trustees made up of active participants in the Pool. The Board of Trustees has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, and overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board of Trustees is also responsible for monitoring performance of the Pool. Financial information for the Pool can be obtained by writing to Post Office Box 400, Austin, Texas, 78767-0400 or by calling 1-800-758-3927.

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments to state sponsored investment pools covered by the District’s credit risk policy.

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

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government’s investment in a single issuer, the District limits investments to only approved investment instruments that ensure preservation of capital.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the use of final and weighted average maturity limits and diversification.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currency.

Fair Value Measurements

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

		Fair Value Measurement Using		
Investments	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Lone Star	$ 5,321,407	$ -	$ 5,321,407	$ -
Total Investments	$ 5,321,407	$ -	$ 5,321,407	$ -

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances, primarily for payroll clearing purposes, as of June 30, 2025, consisted of the following amounts:

Due to General Fund from:	
Intrafund	$ 14,508
Non-Major Funds	274,923
Total Due to General Fund From General Funds	$ 289,431

Interfund transfers as of June 30, 2025 consisted of the following amounts:

General Fund	$ 138,408
Intrafund	-
Total Transfered to Non-Major Funds from Other Funds	$ 138,408

Transfers were used to supplement the District's Child Nutrition Program.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2025, were as follows:

	Property Taxes	Due From Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	$ 277,537	$ 103,493	$ 289,431	$ 84,217	$ 754,678
Nonmajor Governmental Funds	-	277,911	-	-	277,911
Total Governmental Activities	$ 277,537	$ 381,404	$ 289,431	$ 84,217	$ 1,032,589
Amount not scheduled for collection during subsequent year	$ 27,754	$ -	$ -	$ -	$ 27,754

Payables at June 30, 2025, were as follows:

	Accounts Payables	Salaries and Benefits	Due to Other Governements	Due to Other Funds	Other	Total Payables
Governmental Activities:						
General Fund	$ 3,474	287,085	$ 485,966	$ 14,508	$ -	$ 791,033
Nonmajor Governmental Funds	570	17,272	-	274,923	-	292,765
Total Governmental Activities	$ 4,044	$ 304,357	$ 485,966	$ 289,431	$ -	$ 1,083,798

F. CAPITAL ASSET ACTIVITY

	Primary Government			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Land	$ 580,991	$ -	$ -	$ 580,991
Buildings	18,472,800	-	-	18,472,800
Equipment and vehicles	1,878,106	369,035	-	2,247,141
Right-to-use lease assets - furniture & equipment	130,094	20,009	(15,994)	134,109
Total at historical cost	21,061,991	389,044	(15,994)	21,435,041
Less accumulated depreciation				
Buildings	(9,920,325)	(409,364)	-	(10,329,689)
Equipment and vehicles	(1,493,629)	(129,440)	-	(1,623,069)
Right-to-use lease assets - furniture & equipment	(25,467)	(27,322)	15,994	(36,795)
Total accumulated depreciation	(11,439,421)	(566,126)	15,994	(11,989,553)
Governmental activities capital assets, net	$ 9,622,570	$ (177,082)	$ -	$ 9,445,488

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 189,199
Instructional leadership	17,833
Guidance, counseling, & evaluation services	566
Health services	1,415
Student (pupil) transportation	115,773
Food services	53,329
Extracurricular activities	124,378
Plant maintenance and operations	63,633
Total depreciation expense	$ 566,126

G. LONG-TERM NOTES PAYABLE

On September 30, 2019, the District issued Maintenance Tax Notes in the amount of $1,300,000 for the purpose of providing funds to pay energy savings improvements authorized by Texas Education Code, Section 45.108.

Notes payable of the District are reflected in the Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the General Fund.

A summary of changes in notes payable for the year ended June 30, 2025, is as follows:

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 7/1/2024	Issued	Retired	Amounts Outstanding 6/30/2025	Amounts due within one year
Maintenance Tax Note Series 2019	2034	2.46%	$ 1,300,000	$ 22,509	$ 915,000	$ -	$ 80,000	$ 835,000	$ 85,000
Totals				$ 22,509	$ 915,000	$ -	$ 80,000	$ 835,000	$ 85,000

Long-term note requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2026	$ 85,000	$ 20,541	$ 105,541
2027	85,000	18,450	103,450
2028	90,000	16,359	106,359
2029	90,000	14,145	104,145
2030	95,000	11,931	106,931
2031-2034	390,000	24,231	414,231
Total	$ 835,000	$ 105,657	$ 940,657

H. RIGHT-TO-USE LEASE LIABILITIES PAYABLE

The District leases photocopy machines with agreements having 5-year terms. Payments of $2,808 are made monthly which consist of principal and imputed annual interest of 2.46%. No assets were pledged as collateral for these leases.

A summary of right-to-use lease arrangements for the year ended June 30, 2025, is as follows:

Description	Discount Rate	Original Lease Libility	Current Year Interest	Principal Balance at 7/1/2024	New Lease Agreement	Principal Paid This Year	Principal Balance at 6/30/2025	Principal Due Within One Year
Toshiba Lease, February 2024	2.46%	$ 99,405	$ 2,034	$ 91,391	$ -	$ 19,074	$ 72,317	$ 19,548
Toshiba Lease, April 2025	2.46%	20,009	40	-	20,009	668	19,341	3,815
Toshiba Lease, February 2020	2.46%	10,331	14	1,740	-	1,740	-	-
Toshiba Lease, July 2020	2.46%	5,663	20	1,465	-	1,465	-	-
Toshiba Lease, May 2023	2.46%	14,695	218	10,535	-	3,635	6,900	3,725
Totals			$ 2,326	$ 105,131	$ 20,009	$ 26,582	$ 98,558	$ 27,088

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

Due fiscal year ended June 30	Principal	Interest	Total
2026	$ 27,088	$ 2,120	$ 29,208
2027	27,120	1,447	28,567
2028	24,541	816	25,357
2029	16,309	241	16,550
2030 - 2032	3,500	40	3,540
Total	$ 98,558	$ 4,664	$ 103,222

I. COMPENSATED ABSENCES

The State of Texas has created a minimum personal leave program consisting of five days per year leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas public schools. The leave is a liability of the District since it accumulates and thus is recorded as a long-term liability of the District on its government-wide financial statements.

Each district's local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. The District provides an additional five to seven days per year. Personal leave accumulates without limit and thus is recorded as a long-term liability of the District on its government-wide financial statements.

J. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Amounts Outstanding 7/1/2024	Additions	Deletions	Amounts Outstanding 6/30/2025	Due Within One Year
Loans Payable	$ 915,000	$ -	$ 80,000	$ 835,000	$ 85,000
Right-to-Use Lease Assets Payable	105,131	20,009	26,582	98,558	27,089
Compensated Absences	273,296	-	4,158	269,138	143,506
	$ 1,293,427	$ 20,009	$ 110,740	$ 1,202,696	$ 255,595

K. DEFINED BENEFIT PENSION PLAN

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

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

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

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

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year (FY 2024). The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

Contributions Rates

	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

District's Measurement Year Employer Contributions	$	232,447
District's Measurement Year Member Contributions	$	203,014
District's Measurement Year NECE (State) Contributions	$	314,450

Contributors to the plan include active members, employers, and the State of Texas, which is the only non-employer contributing entity. The State serves as the employer for senior colleges, medical schools, and state agencies including TRS. In each of these roles, 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, 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, including public schools, are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part, or all, of an employee's salary is paid by federal funding sources or a privately sponsored source, from non-educational and general, or local funds.

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

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

Net Pension Liability

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

Net Pension Liability		Total
Total Pension Liability	$	271,627,434,294
Less: Plan Fiduciary Net Position		(210,543,258,495)
Net Pension Liability	$	61,084,175,799
Net position as a percentage of total Pension liability		77.51%

Actuarial Assumptions.

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

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

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

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 the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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 Systems target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return*	5.00%	3.00%	0.20%
Stable Value Hedge Funds	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity			
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag****			-0.70%
Expected Return	**100%**		**7.90%**

* *Absolute Return includes Credit Sensitive Investments.*

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

*** *Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).*

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7%) in measuring the Net Pension Liability:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$4,024,437	$2,519,598	$1,272,732

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 $2,519,598 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 2,519,598
State's proportionate share that is associated with the District	3,408,465
	$ 5,928,063

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

At August 31, 2024, the employers' proportion of the collective net pension liability was 0.0041247969% which was a decrease of 0.0005730430% from its proportion measured as of August 31, 2023.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation - The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

For the year ended June 30, 2025, the District recognized pension expense of $407,368 and revenue of $407,368 for support provided by the State in the government-wide Statement of Activities.

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	$ 138,877	$ 19,672
Changes in actuarial assumptions	130,092	17,441
Net difference between projected and actual investment earnings	15,316	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	357,018	292,423
Contributions paid to TRS subsequent to the measurement date	222,627	
Total	$ 863,930	$ 329,536

The District recognized $222,627 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2025	$ 46,693
2026	329,859
2027	63,056
2028	(102,163)
2029	(25,678)
Thereafter	-

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description.

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has 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 the 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 of Trustees may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detailed information about 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/learning-resources/publications; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

Net OPEB Liability		**Total**
Total OPEB Liability	$	35,168,178,563
Less: plan fiduciary net position		(4,816,646,311)
Net OPEB Liability	$	30,351,532,252
Net position as a percentage of total OPEB liability		13.70%

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

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

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

TRS-Care Monthly Premium Rates

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

*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than .25 percent or not more than .75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contributions 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%

District's Measurement Year Employer Contributions	$	56,939
District's Measurement Year Member Contributions	$	18,191
District's Measurement Year NECE (State) Contributions	$	71,344

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

Actuarial Assumptions.

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024.

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

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

Additional Actuarial Methods and Assumptions:

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

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 on 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.

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.

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

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

Sensitivity of the Net OPEB Liability:

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%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	$2,260,330	$1,902,560	$1,613,476

Healthcare Trend Rate Analysis. The following schedule shows the impact of the OPEB liability if a healthcare trend rate that is 1 percentage point less than, and 1 percentage point greater than the health trend rates assumed:

	1% Decrease in Healthcare Trend Rate	Current Single Heathcare Trend rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	$1,549,353	$1,902,560	$2,362,824

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2025, the District reported a liability of $1,902,560 for its proportionate share of the TRS 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 sshare 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 pension liability	$ 1,902,560
State's proportionate share that is associated with the District	2,383,882
	$ 4,286,442

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 employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0062684145% compared to 0.0068304006% as of August 31, 2023.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2025, the District recognized OPEB expenses of $309,861 and revenue $309,861 for support provided by the State.

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 actuarial experience	$ 364,657	$ 949,481
Changes in actuarial assumptions	243,505	620,783
Net difference between projected and actual investment earnings	-	5,328
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	730,257	592,080
Contributions paid to TRS subsequent to the measurement date	51,170	-
Total	$ 1,389,589	$ 2,167,672

The District recognized $51,170 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year ended August 31	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	$ (214,475)	$ (614,778)
2026	(128,306)	(486,472)
2027	(193,860)	(292,612)
2028	(193,974)	(98,638)
2029	(101,609)	2,971
Thereafter	2,971	-

M. MEDICARE PART D - ON BEHALF PAYMENTS

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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of the District for fiscal years 2023, 2024, and 2025 were $26,681, $29,572, and $35,086 respectively.

N. LITIGATION

The District's attorney indicates there is no litigation in progress or pending as of year-end.

O. COMMITMENTS AND CONTINGENCIES

During the year, the District has received monies from various State and Federal sources. These monies are designated for a specific purpose and the expenditures for the funds are based on actual payments and accruals. The possibility exists, based on a separate audit by any regulatory agency, that costs charged to a specific grant may be disallowed and such disallowed cost would become an obligation of the General Fund. Disallowed costs, if any, are unknown.

P. UNAVAILABLE REVENUE

Unavailable revenue at year-end consisted of the following:

	General Fund	Other Funds	Total
Property Taxes	$ 218,540	$ -	$ 218,540
Total Unavailable Revenue	$ 218,540	$ -	$ 218,540

Q. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2025, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Other	Total
General	$ 76,498	$ -	$ 26,995	$ 103,493
Special Revenue	76,273	201,638	-	277,911
Total	$ 152,771	$ 201,638	$ 26,995	$ 381,404

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Other Funds	Total
Property Taxes	$ 6,495,489	$ -	$ 6,495,489
Penalties, Interest and Other Tax-related Income	37,774	-	37,774
Tuition and Fees	500	-	500
Investment Income	270,879	2,794	273,673
Rent	2,320	-	2,320
Gifts and Bequest	-	-	-
Insurance Recovery	-	-	-
Food Sales	-	37,485	37,485
Co-curricular	32,490	137,416	169,906
Other	1,031,238	-	1,031,238
Total	$ 7,870,690	$ 177,695	$ 8,048,385

S. TAX ABATEMENTS

On October 14, 2013 and November 11, 2019, the District's Board of Trustees approved an agreement with OCI Alamo 4, LLC and Zier Solar, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The projects must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation, and Texas Priority projects. OCI Alamo 4, LLC and Zier Solar, LLC qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a renewable energy electric generation project.

The application, the agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website at: https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php. The agreement and the supporting documentation were assigned Texas Comptroller Application No. 302 and No. 1335.

Each applicant, including OCI Alamo 4, LLC and Zier Solar, LLC, has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications approval, it was determined by both the District's Board of Trustees and the Texas Comptroller's Office that the project would meet these standards. After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that OCI Alamo 4, LLC and Zier Solar, LLC terminate this agreement without the consent of the District, or in the event the company or its successor-in-interest fails to comply in any material respect with the terms of this agreement, or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this audit, the applicant company is in full compliance with all of its obligations under the law and the agreement itself.

Project	First Year Value Limitations	(A) Project Value FY2024	(B) Project's Value Limitation Amount FY2024	(C) Amount of Applicant's M&O Taxes Paid FY2024	(D) Amount of Applicant's M&O Taxes Reduced FY2024	(E) Company Revenue Loss Payment to School District FY2024	(F) Company Supplemental Payment to School District FY2024	(G) Net Benefit (Loss) to the School District FY2024 (E+F)
OCI Alamo 4, LLC (Application # 302)	2016	$ 18,200,000	$ 18,200,000	$ 121,376	$ -	$ -	$ 48,718	$ 48,718
Zier Solar, LLC (Application # 1335)	2024	$ 132,561,000	$ 10,000,000	$ 66,690	$ 817,359	$ 763,359	$ 54,000	$ 817,359

T. SHARED SERVICES ARRANGEMENT

The District participates in shared services arrangements with another school district. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Cluster V Special Education Co-op, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangements. The District paid $183,375 to the fiscal agent during the year.

U. CHANGES IN ACCOUNTING PRINCIPLE AND CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

Change in Accounting Principle – The District implemented GASB Statement No. 101, Compensated Absences, for the year ended June 30, 2025. Adjustments are shown below to the beginning net position

Changes to or Withing the Financial Reporting Entity – There was none of these changes during the District's fiscal year.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Governmental Funds				Government Wide
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
6/30/2024, as previously reported	$ -	$ -	$ -	$ -	$ 10,050,693
Change from major to nonmajor fund	-	-	-	-	-
Change from nonmajor to major fund	-	-	-	-	-
Change in accounting principle	-	-	-	-	(273,296)
Error correction	-	-	-	-	-
6/30/2024 as adjusted or restated	$ -	$ -	$ -	$ -	$ 9,777,397

REQUIRED SUPPLEMENTARY INFORMATION

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 6,689,937	$ 7,846,660	$ 7,870,690	$ 24,030
5800	State Program Revenues	947,675	890,226	802,353	(87,873)
5900	Federal Program Revenues	107,725	62,795	64,004	1,209
5020	Total Revenues	7,745,337	8,799,681	8,737,047	(62,634)
	EXPENDITURES:				
	Current:				
0011	Instruction	4,495,574	4,196,733	4,053,126	143,607
0012	Instructional Resources and Media Services	58,241	57,261	50,406	6,855
0013	Curriculum and Instructional Staff Development	68,387	53,291	43,640	9,651
0021	Instructional Leadership	34,870	24,770	24,319	451
0023	School Leadership	349,895	409,185	399,702	9,483
0031	Guidance, Counseling, and Evaluation Services	145,989	138,857	132,249	6,608
0032	Social Work Services	10,285	10,421	10,108	313
0033	Health Services	103,009	80,259	72,202	8,057
0034	Student (Pupil) Transportation	285,872	324,858	310,484	14,374
0035	Food Services	-	18,803	16,530	2,273
0036	Extracurricular Activities	721,418	858,650	838,957	19,693
0041	General Administration	687,079	735,969	707,516	28,453
0051	Facilities Maintenance and Operations	1,461,593	1,546,910	1,498,600	48,310
0052	Security and Monitoring Services	29,666	19,001	10,822	8,179
0053	Data Processing Services	217,953	224,858	215,818	9,040
0061	Community Services	1,500	1,500	-	1,500
	Debt Service:				
0071	Principal on Long-Term Liabilities	108,000	108,653	106,582	2,071
0072	Interest on Long-Term Liabilities	23,988	24,836	24,836	-
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	-	371,149	485,966	(114,817)
0093	Payments to Fiscal Agent/Member Districts of SSA	190,761	183,379	183,375	4
0099	Other Intergovernmental Charges	160,258	160,258	160,258	-
6030	Total Expenditures	9,154,338	9,549,601	9,345,496	204,105
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,409,001)	(749,920)	(608,449)	141,471
	OTHER FINANCING SOURCES (USES):				
7913	Right-to-Use Lease and SBITA Proceeds	20,000	20,010	20,009	(1)
8911	Transfers Out (Use)	(138,408)	(138,408)	(138,408)	-
7080	Total Other Financing Sources (Uses)	(118,408)	(118,398)	(118,399)	(1)
1200	Net Change in Fund Balances	(1,527,409)	(868,318)	(726,848)	141,470
0100	Fund Balance - July 1 (Beginning)	5,926,348	5,926,348	5,926,348	-
3000	Fund Balance - June 30 (Ending)	$ 4,398,939	$ 5,058,030	$ 5,199,500	$ 141,470

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.004124797%	0.00469784%	0.004411566%
District's Proportionate Share of Net Pension Liability (Asset)	$ 2,519,598	$ 3,226,963	$ 2,619,033
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,408,465	3,761,830	3,417,060
Total	$ 5,928,063	$ 6,988,793	$ 6,036,093
District's Covered Payroll	$ 5,315,104	$ 5,242,437	$ 4,917,475
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.40%	61.55%	53.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.003250887%	0.003058705%	0.003561849%	0.003620307%	0.00352436%	0.003678%	0.0037667%
$ 827,886	$ 1,638,180	$ 1,851,560	$ 1,992,705	$ 1,126,901	$ 1,389,869	$ 1,331,478
1,717,863	3,751,861	3,703,916	3,929,658	2,439,913	2,848,343	2,757,224
$ 2,545,749	$ 5,390,041	$ 5,555,476	$ 5,922,363	$ 3,566,814	$ 4,238,212	$ 4,088,702
$ 4,607,940	$ 4,541,058	$ 4,564,667	$ 4,414,011	$ 4,462,044	$ 4,296,391	$ 4,137,799
17.97%	36.07%	40.56%	45.14%	25.26%	32.35%	32.18%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	$ 263,065	$ 231,390	$ 239,722
Contribution in Relation to the Contractually Required Contribution	(263,065)	(231,390)	(239,722)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,473,996	$ 5,260,619	$ 5,201,065
Contributions as a Percentage of Covered Payroll	4.81%	4.40%	4.61%

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

2022	2021	2020	2019	2018	2017	2016
$ 183,043	$ 135,946	$ 127,255	$ 123,138	$ 121,105	$ 116,245	$ 111,535
(183,043)	(135,946)	(127,255)	(123,138)	(121,105)	(116,245)	(111,535)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 4,837,401	$ 4,564,182	$ 4,564,568	$ 4,551,447	$ 4,396,962	$ 4,479,758	$ 4,296,391
3.78%	2.98%	2.79%	2.71%	2.75%	2.59%	2.60%

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006268414%	0.006830401%	0.00639357%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 1,902,560	$ 1,512,135	$ 1,530,877
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,383,882	1,824,623	1,867,429
Total	$ 4,286,442	$ 3,336,758	$ 3,398,306
District's Covered Payroll	$ 5,315,104	$ 5,242,437	$ 4,917,475
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	35.80%	28.84%	31.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

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

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.005541282%	0.006284027%	0.006573267%	0.006015304%	0.0054235%
$ 2,137,520	$ 2,389,843	$ 3,108,578	$ 3,003,496	$ 2,358,490
2,863,801	3,210,032	4,130,605	3,779,790	3,452,261
$ 5,001,321	$ 5,599,875	$ 7,239,183	$ 6,783,286	$ 5,810,751
$ 4,607,940	$ 4,541,058	$ 4,564,667	$ 4,414,011	$ 4,462,044
46.39%	52.61%	68.10%	68.05%	52.86%
6.18%	4.99%	2.66%	1.57%	0.91%

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	$ 60,601	$ 56,122	$ 59,137
Contribution in Relation to the Contractually Required Contribution	(60,601)	(56,122)	(59,137)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,473,996	$ 5,260,619	$ 5,201,065
Contributions as a Percentage of Covered Payroll	1.11%	1.07%	1.14%

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

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

2022	2021	2020	2019	2018
$ 48,255	$ 43,633	$ 48,507	$ 45,505	$ 39,380
(48,255)	(43,633)	(48,507)	(45,505)	(39,380)
$ -	$ -	$ -	$ -	$ -
$ 4,837,401	$ 4,564,182	$ 4,564,568	$ 4,551,447	$ 4,396,962
1.00%	0.96%	1.06%	1.00%	0.90%

BRACKETT INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

A. Notes to the Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1,645 billion for one-time stipends and $3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Changes of Assumptions.

There were no changes in assumptions.

B. Notes to the Schedules for the TRS OPEB Plan

Changes in Benefit.

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

Changes in Assumptions.

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

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

COMBINING AND OTHER STATEMENTS

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ 89,141	$ -
1240	Due from Other Governments	46,105	8,350	-	5,277
1000	Total Assets	$ 46,105	$ 8,350	$ 89,141	$ 5,277
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	-	-	13,365	1,713
2170	Due to Other Funds	46,044	8,350	-	3,363
2200	Accrued Expenditures	61	-	919	201
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	46,105	8,350	14,284	5,277
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	74,857	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	74,857	-
4000	Total Liabilities and Fund Balances	$ 46,105	$ 8,350	$ 89,141	$ 5,277

265 Title IV, B Community Learning	269 ESEA, V,B,1 Small Rural School Prog.	288 Public Health Workforce Supplemental	289 Title IV, Part A Subpart 1	397 Advanced Placement Incentives	410 State Instructional Materials	426 SAFE Grant	427 Truancy Project Grant
$ -	$ -	$ 4,616	$ -	$ -	$ -	$ -	$ -
85,708	21,026	24,228	10,944	-	-	47,356	11,083
$ 85,708	$ 21,026	$ 28,844	$ 10,944	$ -	$ -	$ 47,356	$ 11,083
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	907	-	-	-	-	-
85,708	21,026	23,215	10,944	-	-	47,356	11,083
-	-	106	-	-	-	-	-
-	-	4,616	-	-	-	-	-
85,708	21,026	28,844	10,944	-	-	47,356	11,083
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 85,708	$ 21,026	$ 28,844	$ 10,944	$ -	$ -	$ 47,356	$ 11,083

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		428 SAFE Grant Cycle 1	429 School Safety and Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ 79,520	$ 173,277
1240	Due from Other Governments	17,834	-	-	277,911
1000	Total Assets	$ 17,834	$ -	$ 79,520	$ 451,188
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 570	$ 570
2160	Accrued Wages Payable	-	-	-	15,985
2170	Due to Other Funds	17,834	-	-	274,923
2200	Accrued Expenditures	-	-	-	1,287
2300	Unearned Revenue	-	-	-	4,616
2000	Total Liabilities	17,834	-	570	297,381
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	74,857
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	78,950	78,950
3000	Total Fund Balances	-	-	78,950	153,807
4000	Total Liabilities and Fund Balances	$ 17,834	$ -	$ 79,520	$ 451,188

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ 37,485	$ -
5800	State Program Revenues	-	-	1,425	-
5900	Federal Program Revenues	170,409	8,350	376,832	23,447
5020	Total Revenues	170,409	8,350	415,742	23,447
	EXPENDITURES:				
	Current:				
0011	Instruction	167,339	8,350	-	23,447
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0035	Food Services	-	-	485,486	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	3,070	-	-	-
0051	Facilities Maintenance and Operations	-	-	28,514	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	170,409	8,350	514,000	23,447
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(98,258)	-
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	138,408	-
1200	Net Change in Fund Balance	-	-	40,150	-
0100	Fund Balance - July 1 (Beginning)	-	-	34,707	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ 74,857	$ -

	265 Title IV, B Community Learning	269 ESEA, V,B,1 Small Rural School Prog.	288 Public Health Workforce Supplemental	289 Title IV, Part A Subpart 1	397 Advanced Placement Incentives	410 State Instructional Materials	426 SAFE Grant	427 Truancy Project Grant
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	204	86,855	64,733	22,514
	296,503	49,679	262,024	11,585	-	-	-	-
	296,503	49,679	262,024	11,585	204	86,855	64,733	22,514
	162,650	49,679	2,762	10,944	-	86,855	-	-
	4,209	-	71,198	641	-	-	-	-
	129,406	-	-	-	-	-	-	-
	-	-	188,064	-	204	-	-	-
	-	-	-	-	-	-	-	22,514
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	64,733	-
	238	-	-	-	-	-	-	-
	296,503	49,679	262,024	11,585	204	86,855	64,733	22,514
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		428 SAFE Grant Cycle 1	429 School Safety and Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ 140,210	$ 177,695
5800	State Program Revenues	295,029	11,620	-	482,380
5900	Federal Program Revenues	-	-	-	1,198,829
5020	Total Revenues	295,029	11,620	140,210	1,858,904
	EXPENDITURES:				
	Current:				
0011	Instruction	-	-	-	512,026
0013	Curriculum and Instructional Staff Development	-	-	-	76,048
0021	Instructional Leadership	-	-	-	129,406
0031	Guidance, Counseling, and Evaluation Services	-	-	-	188,268
0032	Social Work Services	-	-	-	22,514
0035	Food Services	-	-	-	485,486
0036	Extracurricular Activities	-	-	131,241	131,241
0041	General Administration	-	-	-	3,070
0051	Facilities Maintenance and Operations	-	-	-	28,514
0052	Security and Monitoring Services	295,029	11,620	-	371,382
0061	Community Services	-	-	-	238
6030	Total Expenditures	295,029	11,620	131,241	1,948,193
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	8,969	(89,289)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	138,408
1200	Net Change in Fund Balance	-	-	8,969	49,119
0100	Fund Balance - July 1 (Beginning)	-	-	69,981	104,688
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ 78,950	$ 153,807

T.E.A. REQUIRED SCHEDULES

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years Ended		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2016	and prior years	Various	Various	$ Various
2017		1.040000	0.000000	302,957,596
2018		1.040000	0.000000	303,668,462
2019		1.040000	0.000000	314,817,692
2020		0.970000	0.000000	444,282,577
2021		0.870000	0.000000	640,750,213
2022		0.872000	0.000000	715,149,339
2023		0.854600	0.000000	781,727,220
2024		0.669200	0.000000	918,050,206
2025	(School year under audit)	0.666900	0.000000	999,892,994
1000	TOTALS			
8000	Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
$ 64,022	$	$ 537	$	$ (794)	$ 62,691	
6,915		79		(43)	6,793	
7,308		479		(41)	6,788	
8,282		616		(196)	7,470	
12,508		1,263		(220)	11,025	
15,992		1,944		(785)	13,263	
23,267		3,503		(315)	19,449	
39,129		11,383		118	27,864	
86,634		50,757		(1,276)	34,601	
	6,668,286	6,443,601		(137,092)	87,593	
$ 264,057	$ 6,668,286	$ 6,514,162	$ -	$ (140,644)	$ 277,537	
						$ 3,396

EXHIBIT J-2

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 36,825	$ 36,825	$ 37,485	$ 660
5800	State Program Revenues	1,000	1,000	1,425	425
5900	Federal Program Revenues	331,397	370,249	376,832	6,583
5020	Total Revenues	369,222	408,074	415,742	7,668
	EXPENDITURES:				
	Current:				
0035	Food Services	479,630	514,082	485,486	28,596
0051	Facilities Maintenance and Operations	28,000	32,400	28,514	3,886
6030	Total Expenditures	507,630	546,482	514,000	32,482
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,408)	(138,408)	(98,258)	40,150
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	138,408	138,408	138,408	-
1200	Net Change in Fund Balances	-	-	40,150	40,150
0100	Fund Balance - July 1 (Beginning)	34,707	34,707	34,707	-
3000	Fund Balance - June 30 (Ending)	$ 34,707	$ 34,707	$ 74,857	$ 40,150

BRACKETT INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	$471,234
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	$508,027

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	$13,552
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$15,011

FEDERAL SECTION

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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*

To the Board of Trustees
Brackett Independent School District
201 N Ann Street
Brackettville, Texas 78832

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 the Brackett Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Brackett Independent School District's basic financial statements, and have issued our report thereon dated August 8, 2025.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brackett 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coleman, Horton and Company, LLP

Uvalde, Texas
August 8, 2025

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

To the Board of Trustees of the
Brackett Independent School District
201 N Ann Street
Brackettville, Texas 78832

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Brackett 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 Brackett 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 Brackett 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 Brackett Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brackett Independent School District's compliance with the requirements of each major federal program as a whole.

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

* Exercise professional judgment and maintain professional skepticism throughout the audit.
* Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Brackett 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 Brackett 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 Brackett 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.

Coleman, Horton and Company, LLP

Uvalde, Texas
August 8, 2025

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. Summary of the Auditor's Results:

1. Financial Statements

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

2. Federal Awards

Internal control over major programs:		
Material weakness(es) identified	____ Yes	X No
Significant deficiencies identified that are not considered to be material weakness?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	21st Century Community Learning Center

Dollar threshold used to distinguish between type A and type B programs:		$750,000
Auditee qualified as low-risk auditee?	X Yes	____ No

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

B. Financial Statement Findings:

-------None noted-------

C. Federal Award Findings and Questioned Costs:

-------None noted-------

D. Findings/Status:

-------None noted-------

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

A. Findings/Status:

-------None noted-------

BRACKETT INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2025

Financial Statement Finding:

-------None noted-------

EXHIBIT K-1

BRACKETT INDEPENDENT SCHOOL DISTRICT
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 Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Impact Aid - P.L. 81.874	84.041	N/A	$ 3,624
ESEA, Title V, Pt. B,1 - Small, Rural Achievement	84.358A	S358A223567	2,934
ESEA, Title V, Pt. B,1 - Small, Rural Achievement	84.358A	S358A233561	17,128
ESEA, Title V, Pt. B,1 - Small, Rural Achievement	84.358A	S358A243536	29,617
Total Assistance Listing Number 84.358			49,679
Total Direct Programs			53,303
Passed through Region XX Service Center			
ESEA, Title I, Part C - Migratory Children	84.011A	420-4-01	8,350
Total Passed through Region XX Service Center			8,350
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25-610101136901	170,409
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	24-6950337110042	52,353
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	25-6950337110008	244,150
Total Assistance Listing Number 84.287			296,503
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25-694501136901	23,447
Title IV, Part A, Subpart 1	84.424A	25-680101136901	11,585
Stronger Connections Grant	84.424F	23-6811017110086	262,024
Total Assistance Listing Number 84.424			273,609
Total Passed Through Texas Education Agency			763,968
TOTAL U.S. DEPARTMENT OF EDUCATION			825,621
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	71402401	120,421
*National School Lunch Program - Cash Assistance	10.555	71302401	219,096
*National School Lunch Prog. - Non-Cash Assistance	10.555		24,954
Total Assistance Listing Number 10.555			244,050
Total Child Nutrition Cluster			364,471
Local Food for Schools	10.185	AM23CPLFS000C003	11,298
Commodity Delivery Fee Reimbursement	10.560	246TX312N2533	1,063
Total Passed Through the Texas Department of Agriculture			376,832
TOTAL U.S. DEPARTMENT OF AGRICULTURE			376,832
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,202,453

*Clustered Programs

**The above amounts do not include SHARS revenue of $13,468 and E-Rate of $46,912 for a total of $60,380 reported in the General Fund.

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BRACKETT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

* For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

* The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund, which are Governmental Fund type funds.

  With this measurement focus, only current assets and current liabilities and the fund balance are included on the Balance Sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

* The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)).

  Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)).

* CFDA numbers for commodity assistance are the CFDA numbers of the programs under which the USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

BRACKETT INDEPENDENT SCHOOL DISTRICT — Fiscal Year 2025

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