BRACKETT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2026

BRACKETT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026

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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, 2026, at a meeting of the Board of Trustees of such school district on the ________ of _________________________ , 2026.

______________________________________ ______________________________________

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, 2026. These statements also include 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, 2026, 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.

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 judgment and maintain professional skepticism throughout the audit.
* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 6 – 14 and 50 – 58 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) which 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 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 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, 2026, 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 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Brackett Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2026. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Brackett Independent School District Business Service Department, Chief Financial Officer, 201 N Ann Street, Brackettville, Texas 78832.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of six parts—*Management's Discussion and Analysis* (this section), the *Basic Financial Statements, Required Supplementary Information, Combining Statements, T.E.A. Required Schedules* and *Federal Section.* 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.
* *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources in question belong.

The basic financial statements also include *notes* that provide additional information that is key in understanding the data provided in the government-wide and fund financial statements.

Government-wide Financial 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 District's assets and deferred outflows less the District's liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition paid by students for various activities, and school lunch charges and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues).

The government-wide financial statements include only the *governmental activities* of the District since the District does not have any *business-type activities*. The District's basic services are included here, which consist of instruction, support services, plant maintenance, and food services. Property taxes, state funding and federal grants finance the majority 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 bond covenants and other funds are established by the Board of Trustees (the Board) to control and account for resources that have been segregated for specific activities or purposes.

The District has two kinds of funds:

- *Governmental funds* - These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. 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, unlike the government-wide financial statements, governmental fund financial statements provide a detailed *short-term* view that may be useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide reconciliation for both, the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to explain the relationship (or differences) between *governmental funds* and *governmental activities.*

The District maintains 15 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* (Exhibits H-1 and H-2) elsewhere in this report.

* *Fiduciary funds* - The District is the custodian for the student activity funds and is responsible for ensuring the assets reported for these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Fund Net Position. Fiduciary funds are *not* reflected in the government-wide financial statements because those resources are not available to finance the District's operations.

Other Information

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This schedule is presented in Exhibit G-1 as Required Supplementary Information (RSI) in the annual report.

In addition to the basic financial statements, accompanying notes, and the RSI, this report also presents the combining statements referred to earlier in connection with nonmajor governmental funds. The sections labeled Required TEA Schedules and Federal Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms and agreements.

FINANCIAL SUMMARY

Net Position:

Net position may serve over time as a useful indicator of a government's financial position. The District's *combined* net position at June 30, 2026 was $8,201,862 (see Table A-1).

The net investment in capital assets (i.e., land, buildings, construction in progress, and equipment); less any related debt, used to acquire those assets, that is still outstanding, represents the largest percent of the District's combined net position. This is one of the largest portions of net position and is used for the operations of the District and to provide educational services to students; therefore, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position reflects restricted net position. Restricted net position represents resources that are subject to external restrictions on how they may be used and are currently restricted for capital projects and other State or Federal Programs.

The remaining balance of $56,209 represents the *unrestricted net position* that may be used to meet the District's ongoing obligations and programs. Recognition of GASB 68 (Pensions) and GASB 75 (OPEB) have reduced unrestricted net position drastically in the past.

Table A-1
The District's Net Position

	June 30, 2026	June 30, 2025	Variance
Current and other assets:	$ 5,767,234	$ 6,370,830	$ (603,596)
Capital and non-current assets	8,897,036	9,445,488	(548,452)
Total Assets	$ 14,664,270	$ 15,816,318	$ (1,152,048)
Deferred outflows	$ 2,352,239	$ 2,253,519	$ 98,720
Current liabilities:	$ 758,586	$ 805,807	$ (47,221)
Long-term liabilities	5,558,221	5,624,854	(66,633)
Total Liabilities	$ 6,316,807	$ 6,430,661	$ (113,854)
Deferred inflows	$ 2,497,840	$ 2,497,208	$ 632
Net position:			
Net investment in capital assets	$ 8,075,567	$ 8,511,930	$ (436,363)
Restricted	70,086	74,857	(4,771)
Unrestricted	56,209	555,181	(498,972)
Total Net Position	$ 8,201,862	$ 9,141,968	$ (940,106)

Changes in Net Position

The District's total revenues were $9,656,264 (see Table A-2). Of total revenues, 17 percent comes from operating grants and contributions, and grants and contributions not restricted; 69 percent from taxes, and 14 percent relates to charges for services, investment earnings, and other revenues.

The total cost of all programs and services was $10,596,370 with 60 percent representing costs for instructional and student support services.

The District's net position decreased as a result of total expenditures exceeding the total revenues of all programs and services. Key elements of this decrease are as follows:

- Charges for Services decreased by $690,254 due to the District receiving fewer reimbursements from lost revenue via Chapter 313 agreements.

- The District, in FY 2026, was no longer subject to property tax recapture. A decrease of $485,966 in recapture payments to the state helped offset the decrease in revenues in the current year. State aid formula grants also increased by $206,375 as a result.

* The decrease was also attributable to state-mandated teacher raises. This increased the amount in Function 11 from the previous year.

* Taxable value in the District increased by $25.0 million while the property tax rates remained the same. The levy increased by $166,823 from the prior year.

Table A-2
Changes in the District's Net Position

	June 30, 2026	June 30, 2025	Variance
Revenues:			
Program Revenues:			
Charges for services	$ 551,196	$ 1,241,450	$ (690,254)
Operating grants and contributions	1,466,600	1,681,209	(214,609)
General Revenues:			
Maintenance and operations taxes	6,643,140	6,115,590	527,550
Debt service taxes	-	-	-
State aid formula grants	589,986	383,611	206,375
Grants and contributions (not restricted)	157,439	252,560	(95,121)
Investment earnings	219,076	273,673	(54,597)
Miscellaneous	28,827	448,415	(419,588)
Total Revenue	$ 9,656,264	$ 10,396,508	$ (740,244)
Expenses:			
Instruction, curriculum, and media services	$ 5,020,707	$ 4,723,856	$ 296,851
Instructional and school leadership	585,654	562,088	23,566
Student Support Services	777,244	835,513	(58,269)
Food services	541,142	550,293	(9,151)
Extracurricular activities	769,543	789,192	(19,649)
General administration	750,120	669,324	80,796
Plant maintenance, security, and data processing	1,754,621	2,047,771	(293,150)
Community services	122	238	(116)
Debt service	22,661	24,063	(1,402)
Facilities acquisition and construction	-	-	-
Contracted Instructional Services Between Schools	-	485,966	(485,966)
Payments to fiscal agent-shared service	201,588	183,375	18,213
Other Intergovernmental Charges	172,968	160,258	12,710
Total Expenses	$ 10,596,370	$ 11,031,937	$ (435,567)
Change in net position	$ (940,106)	$ (635,429)	$ (304,677)
Net position - beginning	9,141,968	10,050,693	(908,725)
Prior period adjustment	-	(273,296)	273,296
Net position - ending	$ 8,201,862	$ 9,141,968	$ (940,106)

The cost of all governmental activities this year was $10,596,370. However, as shown above in Table A-2, the amount that our taxpayers ultimately financed for these activities through district taxes was only $6,643,140 (property taxes) because costs in the amount of $2,017,796 were paid by those who directly benefitted from the programs, and $747,425 of the costs were paid for by grants and contributions not restricted to specific function (state aid).

DETAILED ANALYSIS

Financial Analysis of Governmental Activities

Table A-2 shows that expenses exceeded revenues in the current fiscal year which resulted in a decrease in net position. Total net position of the District was $8,201,862 which is a decrease of $940,106 from the prior year. There were various factors that contributed to this decrease, however, the primary factors affecting this change were:

1. Increases in property taxes helped to offset the decrease in net position. Increases were partially due to the District's assessed/appraised value increasing $25,014,632 from the prior year. The increase was primarily due to new construction within the District's boundaries.
2. Supplemental payments from the State of Texas to offset the reduction of property taxes the District could assess due to changes in state legislation. The District had a decrease in Average Daily Attendance "ADA" as outgoing seniors are outnumbering incoming grade school students.
3. Investment earnings have decreased due to lower returns in the economy and the reduction of investments held in use of general operations.
4. Expenses across various functions increased during the year. The State of Texas required raises for employees which increased salary-related expenses. In addition, increases in commodity prices have increased the expenses to run the District's Child Nutrition Program.
5. The continued reporting of GASB 68 (TRS Pension) and GASB 75 (OPEB) increased net position in the current year by $37,881 compared to the prior year increase of $97,135. After factoring in the adjustments for GASB 68 and GASB 75 and removing those expenses, residual expenses for the District increased $9,992,780.

Financial Analysis of the District's Governmental Funds

The District reported only one major fund on the governmental fund financial statements. The General Fund was the only major fund for fiscal year 2026. The major funds are shown in Table A-3 and are discussed in more detail below:

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
Total Revenues	$ 8,315,368	$ 8,737,047
Total Expenditures	8,820,891	9,345,496
Excess (Deficiency) of Revenues over Expenditures	(505,523)	(608,449)
Other Financing Sources (Uses)		
Debt Proceeds	-	20,009
Premium or Discount on Issuance of Bonds	-	-
Payment to Bond Refunding Escrow Agent (Use)	-	-
Transfers in (out)	(62,408)	(138,408)
Total Other Financing Sources (Uses)	(62,408)	(118,399)
Net Change in Fund Balances	(567,931)	(726,848)
Fund Balance - Beginning	5,199,500	5,926,348
Fund Balance - Ending	$ 4,631,569	$ 5,199,500

General Fund – The fund balance of the General Fund decreased $567,931 or 11 percent from the prior year. Total revenues decreased by $421,679 or a 5 percent decrease from the prior year. Total expenditures decreased by $524,605 or a decrease of 6 percent. The District has had to juggle state-mandated pay raises for employees, reductions in rates assessed for property taxes and dealing with rising operating costs. Over the past year the District has reduced the change in fund balances as it has adjusted to the mentioned factors. The *General Fund* is the chief operating fund of the District and is established to account for resources that finance the fundamental operations of the District. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was $2,881,569, while total fund balance was $4,631,569. The unrestricted, uncommitted amount was $2,881,569 or 33 percent of total General Fund expenditures.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2026, amounted to $8,897,036 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, improvements other than buildings, furniture and equipment, vehicles, and infrastructure. (See Table A-4).

The District did not have any major capital asset events or additions during the year.

Table A-4
District's Capital Assets

	June 30, 2026	June 30, 2025	Variance
Land	$ 580,991	$ 580,991	$ -
Buildings and improvements	18,472,800	18,472,800	-
Equipment and vehicles	2,014,193	2,247,141	(232,948)
Construction in progress	-	-	-
Right-to-use lease assets	134,109	134,109	-
Totals at historical cost	$ 21,202,093	$ 21,435,041	$ (232,948)
Total accumulated depreciation	$ (12,305,057)	$ (11,989,553)	$ (315,504)
Net Capital Assets	$ 8,897,036	$ 9,445,488	$ (548,452)

The District's local 2025-2026 capital budget does not encompass any capital projects across the District.

Additional information on the District's capital assets can be found in Note F in the Notes to the Financial Statements.

Long-Term Debt

At the end of the current fiscal year, the District's total long-term debt outstanding was $1,075,856 versus $1,202,696 in the prior year, a decrease of 11 percent (see Table A-5). Additional information on the District's long-term debt can be found in Notes G through J in the Notes to the Financial Statements.

Table A-5
District's Long-Term Liabilities

	June 30, 2026	June 30, 2025	Change
Maintenance tax notes	$ 750,000	$ 835,000	$ (85,000)
Right-to-use lease liabilities	71,469	98,558	(27,089)
Compensated Absences	254,387	269,138	(14,751)
Total Long-Term Liabilities	$ 1,075,856	$ 1,202,696	$ (126,840)

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

* The District's taxable value of all property used for the 2026-2027 budget preparation will increase from $947,084,999 to $1,003,655,721, an increase of approximately 6 percent from the previous tax year.

* The District's 2026-2027 enrollment and average daily attendance (ADA) is expected to decrease due to outgoing student numbers not being replaced by incoming grade school students. The District is expecting a decrease in ADA with a budgeted ADA of 469.045.

* The total General Fund budget for 2026-2027 is $8,699,251 as compared to the 2025-2026 adopted budget of $9,312,223, which is a 7 percent decrease. The District is projecting a budget deficit $618,630. This deficit is primarily due to items from the most recent state legislative session which included a state-mandated teacher raise paid by the state through the District's expenses. Additionally, the District is expecting a decrease in student enrollment.

* It is expected that the General Fund will need to subsidize the Child Nutrition Fund by $120,000 in 2026-2027.

BASIC FINANCIAL STATEMENTS

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 130,583
1120	Current Investments	4,635,952
1220	Property Taxes - Delinquent	304,973
1230	Allowance for Uncollectible Taxes	(30,497)
1240	Due from Other Governments	568,836
1290	Other Receivables, Net	10,614
1410	Prepayments	146,773
	Capital Assets:	
1510	Land	580,991
1520	Buildings, Net	7,735,747
1530	Furniture and Equipment, Net	510,543
1550	Right-to-Use Leased Assets, Net	69,755
1000	Total Assets	14,664,270
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Outflow Related to TRS Pension	1,076,425
1706	Deferred Outflow Related to TRS OPEB	1,275,814
1700	Total Deferred Outflows of Resources	2,352,239
	LIABILITIES	
2110	Accounts Payable	13,882
2140	Interest Payable	6,824
2160	Accrued Wages Payable	315,043
2180	Due to Other Governments	407,073
2200	Accrued Expenses	15,764
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	254,173
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	821,683
2540	Net Pension Liability (District's Share)	2,839,636
2545	Net OPEB Liability (District's Share)	1,642,729
2000	Total Liabilities	6,316,807
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	342,390
2606	Deferred Inflow Related to TRS OPEB	2,155,450
2600	Total Deferred Inflows of Resources	2,497,840
	NET POSITION	
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	8,075,567
3820	Restricted for Federal and State Programs	70,086
3900	Unrestricted	56,209
3000	Total Net Position	$ 8,201,862

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, 2026

Data Control Codes		1	3	4	6
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating	Primary Gov.
		Expenses	Charges for Services	Grants and Contributions	Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 4,760,581	$ 375,100	$ 444,964	$ (3,940,517)
12	Instructional Resources and Media Services	52,019	-	-	(52,019)
13	Curriculum and Instructional Staff Development	208,107	-	163,943	(44,164)
21	Instructional Leadership	188,079	-	152,226	(35,853)
23	School Leadership	397,575	-	-	(397,575)
31	Guidance, Counseling, and Evaluation Services	288,593	-	71,296	(217,297)
32	Social Work Services	11,021	-	3,167	(7,854)
33	Health Services	95,993	-	-	(95,993)
34	Student (Pupil) Transportation	381,637	-	-	(381,637)
35	Food Services	541,142	38,707	389,228	(113,207)
36	Extracurricular Activities	769,543	134,889	-	(634,654)
41	General Administration	750,120	-	-	(750,120)
51	Facilities Maintenance and Operations	1,353,207	2,500	18,881	(1,331,826)
52	Security and Monitoring Services	260,720	-	222,773	(37,947)
53	Data Processing Services	140,694	-	-	(140,694)
61	Community Services	122	-	122	-
72	Debt Service - Interest on Long-Term Debt	22,661	-	-	(22,661)
93	Payments Related to Shared Services Arrangements	201,588	-	-	(201,588)
99	Other Intergovernmental Charges	172,968	-	-	(172,968)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 10,596,370	$ 551,196	$ 1,466,600	(8,578,574)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	6,643,140
SF	State Aid - Formula Grants	589,986
GC	Grants and Contributions not Restricted	157,439
IE	Investment Earnings	219,076
IE	Miscellaneous Local and Intermediate Revenue	28,827
TR	Total General Revenues	7,638,468
CN	Change in Net Position	(940,106)
NB	Net Position - Beginning	9,141,968
NE	Net Position - Ending	$ 8,201,862

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 317,441	$ (186,858)	$ 130,583
1120	Investments - Current	4,076,660	559,292	4,635,952
1220	Property Taxes - Delinquent	304,973	-	304,973
1230	Allowance for Uncollectible Taxes	(30,497)	-	(30,497)
1240	Due from Other Governments	75,778	493,058	568,836
1260	Due from Other Funds	713,850	-	713,850
1290	Other Receivables	10,614	-	10,614
1410	Prepayments	146,773	-	146,773
1000	Total Assets	$ 5,615,592	$ 865,492	$ 6,481,084
	LIABILITIES			
2110	Accounts Payable	$ 1,293	$ 12,589	$ 13,882
2160	Accrued Wages Payable	289,920	25,123	315,043
2170	Due to Other Funds	17,957	695,893	713,850
2180	Due to Other Governments	407,073	-	407,073
2200	Accrued Expenditures	13,467	2,297	15,764
2000	Total Liabilities	729,710	735,902	1,465,612
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	254,313	-	254,313
2600	Total Deferred Inflows of Resources	254,313	-	254,313
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	70,086	70,086
	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	-	59,504	59,504
3600	Unassigned Fund Balance	2,881,569	-	2,881,569
3000	Total Fund Balances	4,631,569	129,590	4,761,159
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 5,615,592	$ 865,492	$ 6,481,084

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

	Total Fund Balances - Governmental Funds	$	4,761,159
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 $21,435,041 and the accumulated depreciation was $(11,989,553). In addition, long-term debt liabilities of $(933,558), 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.		8,511,930
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 2026 capital outlays of $5,551 and long-term debt payments of $112,089 is to increase net position.		117,640
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 $(2,839,636), a deferred resource inflow related to TRS in the amount of $(342,390), and a deferred resource outflow related to TRS in the amount of $1,076,425. The net effect of including the GASB 68 recognition is to decrease net position.		(2,105,601)
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 $(1,642,729), a deferred resource inflow of $(2,155,450), and a deferred resource outflow for the OPEB in the amount of $1,275,814. The net effect of including the GASB 75 recognition is to decrease net position.		(2,522,365)
5	The 2026 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(554,003)
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 $254,313 from property taxes as revenue, recognizing accrued interest on debt payable within one year of $(6,824) and recognizing compensated absences in accordance with GASB 101 of $(254,387). The net effect of these reclassifications and recognitions is to decrease net position.		(6,898)
29	**Net Position of Governmental Activities**	$	8,201,862

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, 2026

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 7,257,417	$ 149,049	$ 7,406,466
5800	State Program Revenues	1,034,514	483,381	1,517,895
5900	Federal Program Revenues	23,437	983,219	1,006,656
5020	Total Revenues	8,315,368	1,615,649	9,931,017
	EXPENDITURES:			
	Current:			
0011	Instruction	4,340,537	444,964	4,785,501
0012	Instructional Resources and Media Services	56,156	-	56,156
0013	Curriculum and Instructional Staff Development	44,848	163,942	208,790
0021	Instructional Leadership	33,824	152,226	186,050
0023	School Leadership	392,844	-	392,844
0031	Guidance, Counseling, and Evaluation Services	225,144	71,297	296,441
0032	Social Work Services	8,239	3,167	11,406
0033	Health Services	98,061	-	98,061
0034	Student (Pupil) Transportation	287,541	-	287,541
0035	Food Services	-	495,114	495,114
0036	Extracurricular Activities	535,524	129,788	665,312
0041	General Administration	775,554	-	775,554
0051	Facilities Maintenance and Operations	1,322,431	18,881	1,341,312
0052	Security and Monitoring Services	40,946	222,773	263,719
0053	Data Processing Services	149,936	-	149,936
0061	Community Services	-	122	122
	Debt Service:			
0071	Principal on Long-Term Liabilities	112,089	-	112,089
0072	Interest on Long-Term Liabilities	22,661	-	22,661
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	201,588	-	201,588
0099	Other Intergovernmental Charges	172,968	-	172,968
6030	Total Expenditures	8,820,891	1,702,274	10,523,165
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(505,523)	(86,625)	(592,148)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	62,408	62,408
8911	Transfers Out (Use)	(62,408)	-	(62,408)
7080	Total Other Financing Sources (Uses)	(62,408)	62,408	-
1200	Net Change in Fund Balances	(567,931)	(24,217)	(592,148)
0100	Fund Balance - July 1 (Beginning)	5,199,500	153,807	5,353,307
3000	Fund Balance - June 30 (Ending)	$ 4,631,569	$ 129,590	$ 4,761,159

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Total Net Change in Fund Balances - Governmental Funds	$	(592,148)
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 2026 capital outlays of $5,551 and long-term debt payments of $112,089 is to increase net position.		117,640
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.		(554,003)
Current year changes due to GASB 68 increased revenues in the amount of $55,305 but also increased expenditures in the amount of $(175,702). The net effect was to decrease net position.		(120,397)
Current year changes due to GASB 75 decreased revenues in the amount of $(365,831) and decreased expenditures in the amount of $524,109. The net effect was an increase in net position.		158,278
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 $35,773, adjusting current year revenue to show the revenue earned from the current year's tax levy and recording the change in compensated absences of $14,751. The net effect of these reclassifications and recognitions is to increase net position.		50,524
Change in Net Position of Governmental Activities	$	(940,106)

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2026

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 52,114
Total Assets	52,114
NET POSITION	
Restricted for Campus Activities	18,690
Restricted for Scholarships	33,424
Total Net Position	$ 52,114

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, 2026

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	$ 10,000
Enterprising Services Revenue	28,451
Total Additions	38,451
DEDUCTIONS:	
Supplies and Materials	38,355
Other Deductions	2,830
Total Deductions	41,185
Change in Fiduciary Net Position	(2,734)
Total Net Position - July 1 (Beginning)	54,848
Total Net Position - June 30 (Ending)	$ 52,114

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 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 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 is 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.

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 the District's 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 from balances 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 judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

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

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

The 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 database 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 governmental fund types as an other financing 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 are 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), 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 (OPEB), differences between projected and actual investment earnings (pension & 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, 2026 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	$ 70,086
Nonappropriated Budget Funds	59,504
All Special Revenue Funds	$ 129,590

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, 2026, the District had funds on deposit of $260,202 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, 2026, 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	$ 4,635,952
			$ 4,635,952

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 three 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	$ 4,635,952	$ -	$ 4,635,952	$ -
Total Investments	$ 4,635,952	$ -	$ 4,635,952	$ -

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, 2026, consisted of the following amounts:

Due to General Fund from:	
Intrafund	$ 17,957
Non-Major Funds	695,893
Total Due to General Fund From General Funds	$ 713,850

Interfund transfers as of June 30, 2026 consisted of the following amounts:

Transferred to Non-Major Funds from:	
General Fund	$ 62,408
Intrafund	-
Total Transferred to Non-Major Funds from Other Funds	$ 62,408

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

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2026, were as follows:

	Property Taxes	Due From Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	$ 304,973	$ 75,778	$ 713,850	$ 10,614	$ 1,105,215
Nonmajor Governmental Funds	-	493,058	-	-	493,058
Total Governmental Activities	$ 304,973	$ 568,836	$ 713,850	$ 10,614	$ 1,598,273
Amount not scheduled for collection during subsequent year	$ 30,497	$ -	$ -	$ -	$ 30,497

Payables at June 30, 2026, were as follows:

	Accounts Payables	Salaries and Benefits	Due to Other Governments	Due to Other Funds	Other	Total Payables
Governmental Activities:						
General Fund	$ 1,293	$ 303,387	$ 407,073	$ 17,957	$ -	$ 729,710
Nonmajor Governmental Funds	12,589	27,420	-	695,893	-	735,902
Total Governmental Activities	$ 13,882	$ 330,807	$ 407,073	$ 713,850	$ -	$ 1,465,612

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	2,247,141	5,551	(238,499)	2,014,193
Right-to-use lease assets - furniture & equipment	134,109	-	-	134,109
Total at historical cost	21,435,041	5,551	(238,499)	21,202,093
Less accumulated depreciation				
Buildings	(10,329,689)	(407,364)	-	(10,737,053)
Equipment and vehicles	(1,623,069)	(119,080)	238,499	(1,503,650)
Right-to-use lease assets - furniture & equipment	(36,795)	(27,559)	-	(64,354)
Total accumulated depreciation	(11,989,553)	(554,003)	238,499	(12,305,057)
Governmental activities capital assets, net	$ 9,445,488	$ (548,452)	$ -	$ 8,897,036

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 185,148
Instructional leadership	17,451
Guidance, counseling, & evaluation services	554
Health services	1,385
Student (pupil) transportation	113,294
Food services	52,187
Extracurricular activities	121,714
Plant maintenance and operations	62,270
Total depreciation expense	$ 554,003

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, 2026, is as follows:

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 7/1/2025	Issued	Retired	Amounts Outstanding 6/30/2026	Amounts due within one year
Maintenance Tax Note Series 2019	2034	2.46%	$ 1,300,000	$ 20,541	$ 835,000	$ -	$ 85,000	$ 750,000	$ 85,000
Totals				$ 20,541	$ 835,000	$ -	$ 85,000	$ 750,000	$ 85,000

Long-term note requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
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	95,000	9,594	104,594
2032-2034	295,000	14,637	309,637
Total	$ 750,000	$ 85,116	$ 835,116

H. RIGHT-TO-USE LEASE LIABILITIES PAYABLE

The District leases photocopy machines with agreements having 5-year terms. Monthly payments of $2,808 consist of principal and imputed annual interest of 2.46 percent. No assets were pledged as collateral for these leases.

A summary of right-to-use lease arrangements for the year ended June 30, 2026, is as follows:

Description	Discount Rate	Original Lease Liability	Current Year Interest	Principal Balance at 7/1/2025	New Lease Agreement	Principal Paid This Year	Principal Balance at 6/30/2026	Principal Due Within One Year
Toshiba Lease, February 2024	2.46%	$ 99,405	$ 1,560	$ 72,317	$ -	$ 19,549	$ 52,768	$ 20,035
Toshiba Lease, April 2025	2.46%	20,009	433	19,341	-	3,815	15,526	3,910
Toshiba Lease, May 2023	2.46%	14,695	128	6,900	-	3,725	3,175	3,175
Totals			$ 2,121	$ 98,558	$ -	$ 27,089	$ 71,469	$ 27,120

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
2027	$ 27,120	$ 1,447	$ 28,567
2028	24,541	816	25,357
2029	16,309	241	16,550
2030	3,499	40	3,539
2031 - 2032	-	-	-
Total	$ 71,469	$ 2,544	$ 74,013

I. COMPENSATED ABSENCES

The State of Texas has created a minimum personal leave program consisting of five days of leave per year 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, 2026:

	Amounts Outstanding 7/1/2025	Additions	Deletions	Amounts Outstanding 6/30/2026	Due Within One Year
Loans Payable	$ 835,000	$ -	$ 85,000	$ 750,000	$ 85,000
Right-to-Use Lease Assets Payable	98,558	-	27,089	71,469	27,120
Compensated Absences	269,138	-	14,751	254,387	142,053
	$ 1,202,696	$ -	$ 126,840	$ 1,075,856	$ 254,173

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 that, for grandfathered members, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic 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.

Texas Government Code Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the 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 following table shows contribution rates by type of contributor for the measurement year 2025 and the contributions by type of contributor reported by TRS which were received by TRS during the TRS measurement year (FY 2025). 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.

Contribution Rates

		2025
Member		8.25%
Non-Employer Contributing Entity (State)		8.25%
Employers		8.25%
District's Measurement Year Employer Contributions	$	263,846
District's Measurement Year Member Contributions	$	229,760
District's Measurement Year NECE (State) Contributions	$	302,498

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

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

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

In addition to the employer contributions listed above, employers are subject to an additional surcharge.

- All public schools, charter schools, and regional educational service centers must contribute 2.0 percent of the member's salary beginning 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, 2025, are disclosed below:

Net Pension Liability		**Total**
Total Pension Liability	$	289,276,031,895
Less: Plan Fiduciary Net Position		(226,328,300,601)
Net Pension Liability	$	62,947,731,294
Net position as a percentage of total Pension liability		78.24%

Actuarial Assumptions.

The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2025 TRS ACFR, Note 11, page 91*.

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
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 2025	5.23%. 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)	2124
Inflation	2.30%
Salary Increases	3.20% to 9.20% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Effective with the measurement date of August 31, 2025, the salary increase assumption was modified to reflect anticipated changes in future contribution levels resulting from the enactment of House Bill 2 (HB2) by the 2025 Texas Legislature. Except for the change in salary increase assumption, the actuarial assumptions used in the determination of the total pension liability assumptions are the same assumptions used in the actuarial valuation as of August 31, 2024. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 21, 2024.

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 2026 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 System's target asset allocation as of August 31, 2025, are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
All Country	39.00%	4.14%	2.18%
USA	0.00%	3.85%	0.00%
Non-U.S. Developed	5.00%	4.60%	0.31%
Emerging Markets	1.00%	4.71%	0.07%
Private Equity	12.00%	6.80%	1.19%
Stable Value			
Government Bonds - Nominal	10.00%	2.59%	0.33%
Government Bonds - Real	6.00%	1.97%	0.13%
Absolute Return*	0.00%	3.91%	0.00%
Stable Value Hedge Funds	5.00%	1.68%	0.09%
Real Return			
Real Estate	15.00%	4.60%	0.86%
Energy, Natural Resources & Infrastructure	6.00%	4.86%	0.36%
Commodities	0.00%	2.96%	0.00%
Risk Parity	5.00%	4.38%	0.26%
Asset Allocation Leverage			
Cash	2.00%	0.51%	0.01%
Asset Allocation Leverage	-6.00%	0.81%	-0.05%
Inflation Expectation			2.30%
Volatility Drag****			-0.71%
Expected Return	**100%**		**7.33%**

* *Absolute Return includes Credit Sensitive Investments.*

** *Target allocations are based on the FY2025 policy model.*

*** *Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs.*

**** *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 percent) 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:	$4,576,464	$2,839,636	$1,394,119

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the District reported a liability of $2,839,636 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	$ 2,839,636
State's proportionate share that is associated with the District	3,255,630
	$ 6,095,266

The net pension liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 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, 2024 through August 31, 2025.

At August 31, 2025, the employers' proportion of the collective net pension liability was 0.0045111016 percent which was an increase of 0.0003863047 percent from its proportion measured as of August 31, 2024.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation –

The 2025 Texas Legislature passed HB 2, which modified the future compensation structure for active employees covered in the System. As a result, a new salary increase assumption was adopted for determining the Net Pension Liability as of the August 31, 2025 measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's Net Pension Liability. There have been no changes to the benefit provisions since the prior valuation.

The amount of pension expense recognized by the District in the reporting period was $345,766.

For the year ended June 30, 2026, the District recognized pension expense of $302,242 and revenue of $302,242 for support provided by the State in the government-wide Statement of Activities.

At June 30, 2026, 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	$ 170,370	$ 9,950
Changes in actuarial assumptions	272,327	-
Net difference between projected and actual investment earnings	-	129,049
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	406,085	203,391
Contributions paid to TRS subsequent to the measurement date	227,643	-
Total	$ 1,076,425	$ 342,390

The District recognized $227,643 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, 2026. 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
2026	$ 395,876
2027	106,484
2028	(67,237)
2029	16,098
2030	55,171
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, 2025, are as follows:

Net OPEB Liability		**Total**
Total OPEB Liability	$	30,497,077,953
Less: plan fiduciary net position		(5,569,790,466)
Net OPEB Liability	$	24,927,287,487
Net position as a percentage of total OPEB liability		18.26%

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 88th Legislature amended the Texas Insurance Code Chapter 1575 via Senate Bill 1854 allowing TRS to offer coverage for dental and vision care to retirees. In accordance with Chapter 1575.1601, TRS established the TRS-Care Dental and TRS-Care Vision plans. TRS-Care Dental and TRS-Care Vision are optional plans that are available to retirees who are eligible for TRS-Care. This includes their dependents, surviving spouses, and surviving dependent children. Retirees do not have to be enrolled in TRS-Care medical and pharmacy plans to be eligible for TRS-Care Dental and TRS-Care Vision. The first enrollment period for the plans began in October 2024 and coverage started in January 2025.

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare	TRS-Care Dental	TRS-Care Vision
Retiree*	$ 75	$ 200	$ 41.64	$ 6.89
Retiree and Spouse	280	689	83.29	13.79
Retiree* and Children	408	408	87.45	15.57
Retiree and Family	613	999	129.93	24.08

*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 0.65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75 percent of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates

		2025
Active Employee		0.65%
Non-Employer Contributing Entity (State)		1.25%
Employers		0.75%
Federal/private Funding Remitted by Employers		1.25%
District's Measurement Year Employer Contributions	$	60,855
District's Measurement Year Member Contributions	$	19,437
District's Measurement Year NECE (State) Contributions	$	80,738

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

Actuarial Assumptions.

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2025. 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, 2024 TRS pension actuarial valuation that was rolled forward to August 31, 2025.

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, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
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	3.20% to 9.20% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 7.75 percent for non-Medicare retirees and 9.00 percent for Medicare retirees. The initial prescription drug trend rate was 9.00 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 14 years.

Discount Rate. A single discount rate of 5.23 percent was used to measure the total OPEB liability. This was an increase of 1.36 percent in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to prefund 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, 2025, 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 (5.23 percent) in measuring the Net OPEB Liability:

	1% Decrease in Discount Rate (4.23%)	Current Single Discount Rate (5.23%)	1% Increase in Discount Rate (6.23%)
District's proportionate share of the Net OPEB Liability:	$1,929,213	$1,642,729	$1,406,646

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 Healthcare Cost Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	$1,358,306	$1,642,729	$2,003,862

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2026, the District reported a liability of $1,642,729 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 share of the Net OPEB Liability, the related state support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 1,642,729
State's proportionate share that is associated with the District	2,179,443
	$ 3,822,172

The Net OPEB Liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 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, 2024 through August 31, 2025.

At August 31, 2025, the employer's proportion of the collective Net OPEB Liability was 0.0065900837 percent compared to 0.0062684145 percent as of August 31, 2024.

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 3.87 percent as of August 31, 2024 to 5.23 percent as of August 31, 2025.
* The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan’s anticipated experience.

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

The amount of OPEB expense recognized by the District in the reporting period was $129,369.

For the year ended June 30, 2026, the District recognized OPEB expenses of $251,817 and revenue of $251,817 for support provided by the State.

At June 30, 2026, 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	$ 321,382	$ 978,339
Changes in actuarial assumptions	203,137	674,713
Net difference between projected and actual investment earnings	-	10,103
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	701,903	492,295
Contributions paid to TRS subsequent to the measurement date	49,392	-
Total	$ 1,275,814	$ 2,155,450

The District recognized $49,392 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2026. 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)
2026	$ (171,608)	$ (757,420)
2027	(238,536)	(518,884)
2028	(236,670)	(282,214)
2029	(140,412)	(141,802)
2030	(77,359)	(64,443)
Thereafter	(64,443)	-

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 2024, 2025, and 2026 were $29,572, $35,086, and $47,423 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 costs 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	$ 254,313	$ -	$ 254,313
Total Unavailable Revenue	$ 254,313	$ -	$ 254,313

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, 2026, 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	$ 60,130	$ -	$ 15,648	$ 75,778
Special Revenue	232,751	260,307	-	493,058
Total	$ 292,881	$ 260,307	$ 15,648	$ 568,836

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	$ 6,596,599	$ -	$ 6,596,599
Penalties, Interest and Other Tax-related Income	39,595	-	39,595
Tuition and Fees	15,650	-	15,650
Investment Income	215,822	3,254	219,076
Rent	2,500	-	2,500
Gifts and Bequest	-	-	-
Insurance Recovery	-	-	-
Food Sales	-	38,707	38,707
Co-curricular	27,801	107,088	134,889
Other	359,450		359,450
Total	$ 7,257,417	$ 149,049	$ 7,406,466

S. TAX ABATEMENTS

On October 14, 2013 and November 11, 2019, the District's Board of Trustees approved agreements 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. Chapter 313, enacted in 2001, is a state program designed to encourage large-scale capital investment by allowing qualifying projects to receive a temporary limitation on taxable value for Maintenance and Operations (M&O) purposes. Eligible projects include manufacturing, research and development, renewable energy, clean coal, nuclear 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.

Applicants approved under Chapter 313 must satisfy statutory requirements related to capital investment, job creation, and wages. These requirements were evaluated and confirmed by both the District and the Texas Comptroller at the time of approval. The applicant must maintain compliance throughout the value limitation period and for a specified period thereafter, with ongoing annual and biennial reporting to verify continued compliance.

If OCI Alamo 4, LLC or Zier Solar, LLC terminates the Agreement without the consent of the District, or in the event that 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 is entitled to recapture all foregone ad valorem tax revenue, along with applicable penalties and interest. Penalties are calculated pursuant to Texas Tax Code §33.01(a), and interest pursuant to Texas Tax Code §33.01(c), or their successor statutes. The agreement provides an administrative procedure to determine liability, with enforcement ultimately through a 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 FY2025	(B) Project's Value Limitation Amount FY2025	(C) Amount of Applicant's M&O Taxes Paid FY2025	(D) Amount of Applicant's M&O Taxes Reduced FY2025	(E) Company Revenue Loss Payment to School District FY2025	(F) Company Supplemental Payment to School District FY2025	(G) Net Benefit (Loss) to the School District FY2025 (E+F)
OCI Alamo 4, LLC (Application # 302)	2016	$ 16,400,000	$ 16,400,000	$ 109,372	$ -	$ -	$ 43,749	$ 43,749
Zier Solar, LLC (Application # 1335)	2024	$ 164,850,000	$ 10,000,000	$ 66,690	$ 1,032,695	$ 301,815	$ 54,000	$ 355,815

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 has neither 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 $201,588 to the fiscal agent during the year.

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, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget - over (under) Final Budget	Actual Amounts, GAAP Basis	Variance with Final Budget - Over (under) Actual Amounts
	REVENUES:					
5700	Total Local and Intermediate Sources	$ 7,303,709	$ 7,247,112	$ (56,597)	$ 7,257,417	$ 10,305
5800	State Program Revenues	1,227,429	1,014,429	(213,000)	1,034,514	20,085
5900	Federal Program Revenues	153,000	35,580	(117,420)	23,437	(12,143)
5020	Total Revenues	8,684,138	8,297,121	(387,017)	8,315,368	18,247
	EXPENDITURES:					
	Current:					
0011	Instruction	4,485,647	4,458,806	26,841	4,340,537	118,269
0012	Instructional Resources and Media Services	75,799	63,658	12,141	56,156	7,502
0013	Curriculum and Instructional Staff Development	50,031	54,765	(4,734)	44,848	9,917
0021	Instructional Leadership	30,655	35,532	(4,877)	33,824	1,708
0023	School Leadership	407,658	406,361	1,297	392,844	13,517
0031	Guidance, Counseling, and Evaluation Services	225,047	225,144	(97)	225,144	-
0032	Social Work Services	11,075	9,733	1,342	8,239	1,494
0033	Health Services	104,571	103,800	771	98,061	5,739
0034	Student (Pupil) Transportation	308,363	304,523	3,840	287,541	16,982
0035	Food Services	1,700	1,700	-	-	1,700
0036	Extracurricular Activities	529,996	538,839	(8,843)	535,524	3,315
0041	General Administration	793,741	799,030	(5,289)	775,554	23,476
0051	Facilities Maintenance and Operations	1,496,230	1,471,795	24,435	1,322,431	149,364
0052	Security and Monitoring Services	16,666	42,225	(25,559)	40,946	1,279
0053	Data Processing Services	274,535	152,889	121,646	149,936	2,953
0061	Community Services	1,500	600	900	-	600
	Debt Service:					
0071	Principal on Long-Term Liabilities	113,000	113,000	-	112,089	911
0072	Interest on Long-Term Liabilities	23,241	23,345	(104)	22,661	684
	Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	189,800	201,712	(11,912)	201,588	124
0099	Other Intergovernmental Charges	172,968	172,968	-	172,968	-
6030	Total Expenditures	9,312,223	9,180,425	131,798	8,820,891	359,534
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(628,085)	(883,304)	(255,219)	(505,523)	377,781
	OTHER FINANCING SOURCES (USES):					
7915	Transfers In	20,000	-	(20,000)	-	-
8911	Transfers Out (Use)	(138,408)	(62,408)	76,000	(62,408)	-
7080	Total Other Financing Sources (Uses)	(118,408)	(62,408)	56,000	(62,408)	-
1200	Net Change in Fund Balances	(746,493)	(945,712)	(199,219)	(567,931)	377,781
0100	Fund Balance - July 1 (Beginning)	5,199,500	5,199,500	-	5,199,500	-
3000	Fund Balance - June 30 (Ending)	$ 4,453,007	$ 4,253,788	$ (199,219)	$ 4,631,569	$ 377,781

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, 2026

	FY 2026 Plan Year 2025	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023
District's Proportion of the Net Pension Liability (Asset)	0.004511102%	0.004124797%	0.00469784%
District's Proportionate Share of Net Pension Liability (Asset)	$ 2,839,636	$ 2,519,598	$ 3,226,963
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,255,630	3,408,465	3,761,830
Total	$ 6,095,266	$ 5,928,063	$ 6,988,793
District's Covered Payroll	$ 5,488,063	$ 5,315,104	$ 5,242,437
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	51.74%	47.40%	61.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.24%	77.51%	73.15%

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 date. For example, the amounts for FY 2026 are for the measurement date of August 31, 2025, etc..

FY 2023 Plan Year 2022	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
0.004411566%	0.003250887%	0.003058705%	0.003561849%	0.003620307%	0.00352436%	0.003678%
$ 2,619,033	$ 827,886	$ 1,638,180	$ 1,851,560	$ 1,992,705	$ 1,126,901	$ 1,389,869
3,417,060	1,717,863	3,751,861	3,703,916	3,929,658	2,439,913	2,848,343
$ 6,036,093	$ 2,545,749	$ 5,390,041	$ 5,555,476	$ 5,922,363	$ 3,566,814	$ 4,238,212
$ 4,917,475	$ 4,607,940	$ 4,541,058	$ 4,564,667	$ 4,414,011	$ 4,462,044	$ 4,296,391
53.26%	17.97%	36.07%	40.56%	45.14%	25.26%	32.35%
75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025	2024
Contractually Required Contribution	$ 269,237	$ 263,065	$ 231,390
Contribution in Relation to the Contractually Required Contribution	(269,237)	(263,065)	(231,390)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,828,657	$ 5,473,996	$ 5,260,619
Contributions as a Percentage of Covered Payroll	4.62%	4.81%	4.40%

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.

2023	2022	2021	2020	2019	2018	2017
$ 239,722	$ 183,043	$ 135,946	$ 127,255	$ 123,138	$ 121,105	$ 116,245
(239,722)	(183,043)	(135,946)	(127,255)	(123,138)	(121,105)	(116,245)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5,201,065	$ 4,837,401	$ 4,564,182	$ 4,564,568	$ 4,551,447	$ 4,396,962	$ 4,479,758
4.61%	3.78%	2.98%	2.79%	2.71%	2.75%	2.59%

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, 2026

	FY 2026 Plan Year 2025	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006590084%	0.006268414%	0.006830401%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 1,642,729	$ 1,902,560	$ 1,512,135
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,179,443	2,383,882	1,824,623
Total	$ 3,822,172	$ 4,286,442	$ 3,336,758
District's Covered Payroll	$ 5,488,063	$ 5,315,104	$ 5,242,437
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.93%	35.80%	28.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.26%	13.70%	14.94%

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 2026 are for the measurement date of August 31, 2025, 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.

EXHIBIT G-4

FY 2023 Plan Year 2022	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
0.00639357%	0.005541282%	0.006284027%	0.006573267%	0.006015304%	0.0054235%
$ 1,530,877	$ 2,137,520	$ 2,389,843	$ 3,108,578	$ 3,003,496	$ 2,358,490
1,867,429	2,863,801	3,210,032	4,130,605	3,779,790	3,452,261
$ 3,398,306	$ 5,001,321	$ 5,599,875	$ 7,239,183	$ 6,783,286	$ 5,810,751
$ 4,917,475	$ 4,607,940	$ 4,541,058	$ 4,564,667	$ 4,414,011	$ 4,462,044
31.13%	46.39%	52.61%	68.10%	68.05%	52.86%
11.52%	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, 2026

	2026	2025	2024
Contractually Required Contribution	$ 59,077	$ 60,601	$ 56,122
Contribution in Relation to the Contractually Required Contribution	(59,077)	(60,601)	(56,122)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,828,657	$ 5,473,996	$ 5,260,619
Contributions as a Percentage of Covered Payroll	1.01%	1.11%	1.07%

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.

2023	2022	2021	2020	2019	2018
$ 59,137	$ 48,255	$ 43,633	$ 48,507	$ 45,505	$ 39,380
(59,137)	(48,255)	(43,633)	(48,507)	(45,505)	(39,380)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,201,065	$ 4,837,401	$ 4,564,182	$ 4,564,568	$ 4,551,447	$ 4,396,962
1.14%	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, 2026

A. Notes to the Schedules for the TRS Pension

Changes in Benefit Terms.

There were no changes in benefit terms.

Changes in Assumptions.

There was a new salary increase assumption which was adopted for determining the Net Pension Liability for the August 31, 2025 measurement year. This resulted from HB2 passed by the 2025 Texas Legislature which modified the future compensation structure for active employees covered by the System. All other actuarial assumptions and methods remained the same as those used in the prior year.

B. Notes to the Schedules for the TRS OPEB Plan

Changes in Benefit Terms.

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 affecting the measurement of the total OPEB liability since the prior measurement period:

* The single discount rate changed from 3.87 percent as of August 31, 2024 to 5.23 percent as of August 31, 2025.
* The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

C. Notes to Budgetary Comparison Schedule – General Fund

Budgetary Revenues

Original Budget to Final Budget

* During the year the District noted a decrease in enrollment and higher certified values increased the local share by the District for state program revenues.
* The District decreased its budget for federal program revenues as it noted the anticipated SHARS and e-rate funding wasn't going to materialize.

Final Budget to Actual

* No significant variances.

Budgetary Expenditures

Original Budget to Final Budget

* Lack of e-rate funding resulted in a decrease in allotted expenditures for data processing services.
* Transfers to the child nutrition program were less than what was originally anticipated as the child nutrition program was able to support a larger part of its operations.

Final Budget to Actual

* Student interventions were fewer due to better STAAR results and salary balances remained for staff on FMLA for the District's instruction-related expenditures.
* Facilities projects were reduced after the State Assigned values created uncertainties in State funding for the District's facilities maintenance and operations function.

COMBINING AND OTHER STATEMENTS

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

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	$ -	$ -	$ (258,951)	$ -
1120	Investments - Current	61,605	-	343,334	12,870
1240	Due from Other Governments	100,819	8,381	-	12,178
1000	Total Assets	$ 162,424	$ 8,381	$ 84,383	$ 25,048
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	7,771	600	13,380	1,766
2170	Due to Other Funds	153,500	7,796	-	23,075
2200	Accrued Expenditures	1,153	(15)	917	207
2000	Total Liabilities	162,424	8,381	14,297	25,048
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	70,086	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	70,086	-
4000	Total Liabilities and Fund Balances	$ 162,424	$ 8,381	$ 84,383	$ 25,048

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	410 State Instructional Materials	426 SAFE Grant	427 Leadership & Inst. Found. for Texas	428 SAFE Grant Cycle 1
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
141,483	-	-	-	-	-	-	-
93,284	-	37,218	8,427	-	18,374	28,915	94,794
$ 234,767	$ -	$ 37,218	$ 8,427	$ -	$ 18,374	$ 28,915	$ 94,794
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	1,606
234,767	-	37,218	8,427	-	18,374	28,915	93,153
-	-	-	-	-	-	-	35
234,767	-	37,218	8,427	-	18,374	28,915	94,794
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 234,767	$ -	$ 37,218	$ 8,427	$ -	$ 18,374	$ 28,915	$ 94,794

EXHIBIT H-1

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		429 School Safety and Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ -	$ 72,093	$ (186,858)
1120	Investments - Current	-	-	559,292
1240	Due from Other Governments	90,668	-	493,058
1000	Total Assets	$ 90,668	$ 72,093	$ 865,492
	LIABILITIES			
2110	Accounts Payable	$ -	$ 12,589	$ 12,589
2160	Accrued Wages Payable	-	-	25,123
2170	Due to Other Funds	90,668	-	695,893
2200	Accrued Expenditures	-	-	2,297
2000	Total Liabilities	90,668	12,589	735,902
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	70,086
	Committed Fund Balance:			
3545	Other Committed Fund Balance	-	59,504	59,504
3000	Total Fund Balances	-	59,504	129,590
4000	Total Liabilities and Fund Balances	$ 90,668	$ 72,093	$ 865,492

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

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	$ -	$ -	$ 38,707	$ -
5800	State Program Revenues	-	-	21,865	-
5900	Federal Program Revenues	162,597	8,381	386,244	25,048
5020	Total Revenues	162,597	8,381	446,816	25,048
	EXPENDITURES:				
	Current:				
0011	Instruction	160,403	8,381	-	24,182
0013	Curriculum and Instructional Staff Development	2,194	-	-	866
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0035	Food Services	-	-	495,114	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	18,881	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	162,597	8,381	513,995	25,048
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(67,179)	-
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	62,408	-
1200	Net Change in Fund Balance	-	-	(4,771)	-
0100	Fund Balance - July 1 (Beginning)	-	-	74,857	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ 70,086	$ -

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	410 State Instructional Materials	426 SAFE Grant	427 Leadership & Inst. Found. for Texas	428 SAFE Grant Cycle 1
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	58,922	75,158	32,082	147,615
276,217	26,985	89,320	8,427	-	-	-	-
276,217	26,985	89,320	8,427	58,922	75,158	32,082	147,615
144,894	26,985	-	8,427	58,922	-	-	-
1,107	-	18,023	-	-	-	28,915	-
130,094	-	-	-	-	-	-	-
-	-	71,297	-	-	-	-	-
-	-	-	-	-	-	3,167	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	75,158	-	147,615
122	-	-	-	-	-	-	-
276,217	26,985	89,320	8,427	58,922	75,158	32,082	147,615
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

BRACKETT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		429 School Safety and Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ -	$ 110,342	$ 149,049
5800	State Program Revenues	147,739	-	483,381
5900	Federal Program Revenues	-	-	983,219
5020	Total Revenues	147,739	110,342	1,615,649
	EXPENDITURES:			
	Current:			
0011	Instruction	12,770	-	444,964
0013	Curriculum and Instructional Staff Development	112,837	-	163,942
0021	Instructional Leadership	22,132	-	152,226
0031	Guidance, Counseling, and Evaluation Services	-	-	71,297
0032	Social Work Services	-	-	3,167
0035	Food Services	-	-	495,114
0036	Extracurricular Activities	-	129,788	129,788
0051	Facilities Maintenance and Operations	-	-	18,881
0052	Security and Monitoring Services	-	-	222,773
0061	Community Services	-	-	122
6030	Total Expenditures	147,739	129,788	1,702,274
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(19,446)	(86,625)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	-	62,408
1200	Net Change in Fund Balance	-	(19,446)	(24,217)
0100	Fund Balance - July 1 (Beginning)	-	78,950	153,807
3000	Fund Balance - June 30 (Ending)	$ -	$ 59,504	$ 129,590

T.E.A. REQUIRED SCHEDULES

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2026

		(1)	(2)	(3)
Last 10 Years Ended June 30		Tax Rates Maintenance	Tax Rates Debt Service	Assessed/Appraised Value for School Tax Purposes
2017	and prior years	Various	Various	$ Various
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		0.666900	0.000000	999,892,994
2026	(School year under audit)	0.666900	0.000000	1,024,907,626
1000	Totals for Fiscal Year Ending June 30, 2026			
8000	Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2025	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2026	(99) Taxes Refunded Under Section 26.1115c
$ 69,484	$	$ 607	$	$ (192)	$ 68,685	
6,788		53		(9)	6,726	
7,470		189		(10)	7,271	
11,025		434		(9)	10,582	
13,263		1,143		23	12,143	
19,449		1,201		28	18,276	
27,864		4,413		839	24,290	
34,601		6,123		864	29,342	
87,593		43,161		205	44,637	
-	6,835,109	6,550,349		(201,739)	83,021	
$ 277,537	$ 6,835,109	$ 6,607,673	$ -	$ (200,000)	$ 304,973	
						$ 3,621

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, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget - over (under) Final Budget	Actual Amounts, GAAP Basis	Variance with Final Budget - Over (under) Actual Amounts
	REVENUES:					
5700	Total Local and Intermediate Sources	$ 36,825	$ 36,251	$ (574)	$ 38,707	$ 2,456
5800	State Program Revenues	1,000	15,263	14,263	21,865	6,602
5900	Federal Program Revenues	363,089	383,867	20,778	386,244	2,377
5020	Total Revenues	400,914	435,381	34,467	446,816	11,435
	EXPENDITURES:					
	Current:					
0035	Food Services	507,322	524,138	(16,816)	495,114	29,024
0051	Facilities Maintenance and Operations	32,000	21,524	10,476	18,881	2,643
6030	Total Expenditures	539,322	545,662	(6,340)	513,995	31,667
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,408)	(110,281)	28,127	(67,179)	43,102
	OTHER FINANCING SOURCES (USES):					
7915	Transfers In	138,408	62,408	(76,000)	62,408	-
1200	Net Change in Fund Balances	-	(47,873)	(47,873)	(4,771)	43,102
0100	Fund Balance - July 1 (Beginning)	74,857	74,856	(1)	74,857	1
3000	Fund Balance - June 30 (Ending)	$ 74,857	$ 26,983	$ (47,874)	$ 70,086	$ 43,103

BRACKETT INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2026

Data Codes		Responses
	Bilingual Education Allotment 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.	$11,082
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$13,846

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, 2026, 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 7, 2026.

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 7, 2026

SCHOOLS FIRST QUESTIONNAIRE

BRACKETT INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2026

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-