

BRACKETT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2021

**BRACKETT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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CERTIFICATE OF BOARD

Brackett Independent School District
Name of School District

Kinney
County

136901
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, 2021 at a meeting of the Board of Trustees of such school district on the 13 of September, 2021



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)

COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

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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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the Brackett Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 6–12 and 48–54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brackett Independent School District's basic financial statements. The 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.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 regulation of the State of Texas. This information is in Exhibits identified in the Table of Contents as 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 6, 2021, 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 & Company, LLP

Uvalde, Texas
August 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of Brackett Independent School District (the District) is presented in six sections, management's discussion and analysis (this part), basic financial statements, required supplementary information, combining and other schedules, T.E.A. required schedules, and the federal section. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two types of funds:

- * *Governmental funds*-Most of the Districts basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.

* *Fiduciary funds*-The District is the custodian for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Districts fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Highlights

* The Districts combined net position was \$8,695,436 at June 30, 2021, an increase of \$1,232,332 from day to day operations and an increase of \$89,250 for a prior period adjustment due to implementation of GASB 84 for a total increase of \$1,321,582.

* During the year, the District’s revenues were \$9,705,499 as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
a) Taxes	\$ 5,874,732	\$ 4,285,448	\$ 1,589,284
b) State revenue	2,518,457	3,898,493	(1,380,036)
c) Federal revenue	752,893	588,804	164,089
d) Investment earnings	11,351	74,536	(63,185)
e) Charges for services	393,229	223,988	169,241
f) Other revenue	154,837	305,371	(150,534)
Total	<u>\$ 9,705,499</u>	<u>\$ 9,376,640</u>	<u>\$ 328,859</u>

* During the year, the District's expenses were \$8,473,167 as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
a) Instruction and instructional related	\$ 4,790,516	\$ 4,783,158	\$ 7,358
b) Instruction and school leadership	322,368	422,980	(100,612)
c) Guidance, social work, health, transportation	501,134	508,514	(7,380)
d) Food services	356,950	412,379	(55,429)
e) Extracurricular activities	438,989	395,628	43,361
f) General administration	634,445	565,123	69,322
g) Plant maintenance and security	1,121,674	1,407,021	(285,347)
h) Data processing service	164,174	172,706	(8,532)
i) Community Services	146	121	25
j) Debt Service	28,755	99,968	(71,213)
k) Payments to fiscal agent/member districts - shared service	114,016	111,559	2,457
Total Expenses	<u>\$ 8,473,167</u>	<u>\$ 8,879,157</u>	<u>\$ (405,990)</u>

* The general fund reported a fund balance of \$6,415,740, an increase of \$1,734,651 from the prior year.

* The general fund transferred \$75,000 to the food service fund during the year.

* The property tax rate decreased \$0.10 cents. The taxable value increased during the year by \$196,467,636. The tax levy increased by \$1,264,986.

* The District's combined net position was \$8,695,436 at June 30, as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	\$ 7,696,261	\$ 5,465,622	\$ 2,230,639
Capital and non-current assets	<u>8,028,715</u>	<u>8,454,528</u>	<u>(425,813)</u>
Total Assets	<u>\$ 15,724,976</u>	<u>\$ 13,920,150</u>	<u>\$ 1,804,826</u>
Deferred outflows	<u>\$ 1,451,257</u>	<u>\$ 1,845,960</u>	<u>\$ (394,703)</u>
Current Liabilities	\$ 963,722	\$ 511,768	\$ 451,954
Long term liabilities	<u>5,177,023</u>	<u>6,185,138</u>	<u>(1,008,115)</u>
Total Liabilities	<u>\$ 6,140,745</u>	<u>\$ 6,696,906</u>	<u>\$ (556,161)</u>
Deferred inflows	<u>\$ 2,340,052</u>	<u>\$ 1,695,350</u>	<u>\$ 644,702</u>
Net position:			
Net investment in capital assets	\$ 6,878,715	\$ 7,229,528	\$ (350,813)
Restricted	60,481	93,977	(33,496)
Unrestricted	<u>1,756,240</u>	<u>50,349</u>	<u>1,705,891</u>
Total Net Position	<u>\$ 8,695,436</u>	<u>\$ 7,373,854</u>	<u>\$ 1,321,582</u>

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District as of June 30, 2021, were \$8,028,715. It is the District's policy to charge off as a current expenditure any purchases less than \$5,000. The total capital assets recorded were land and its improvements, buildings, equipment and vehicles as reflected below:

District's Capital Assets

	Governmental Activities		
	Current Year	Prior Year	Change
Land	\$ 580,991	\$ 580,991	\$ -
Buildings and improvements	15,624,632	15,624,632	-
Equipment and vehicles	<u>2,004,308</u>	<u>1,993,817</u>	<u>10,491</u>
Totals at historical cost	18,209,931	18,199,440	10,491
Total accumulated depreciation	<u>(10,181,216)</u>	<u>(9,744,912)</u>	<u>(436,304)</u>
Net capital assets	<u>\$ 8,028,715</u>	<u>\$ 8,454,528</u>	<u>\$ (425,813)</u>

Long-term Debt

The District had the following long-term debt obligations as of June 30, 2021:

District's Long-Term Liabilities

	Governmental Activities		
	Current Year	Prior Year	Change
Maintenance Tax Notes	\$ 1,150,000	\$ 1,225,000	\$ (75,000)
Total Long-Term Liabilities	<u>\$ 1,150,000</u>	<u>\$ 1,225,000</u>	<u>\$ (75,000)</u>

General Fund Budgetary Highlights

Over the course of the year, the District did not revise its budget. Actual expenditures were \$1,345,107 below final budget amounts. The most significant positive variance resulted from staffing, reduction in expenditures due to COVID closures, and budget efficiencies. Additionally, resources available were \$389,544 more than the final budgeted amounts.

- * Local revenue sources were \$99,439 more than expected.
- * State funding was more than budgeted amounts by \$345,240.
- * Federal revenue was \$55,135 less than budgeted.

Contacting the Districts Financial Management

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

BASIC FINANCIAL STATEMENTS

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,667,067
1120 Current Investments	4,430,205
1220 Property Taxes - Delinquent	236,760
1230 Allowance for Uncollectible Taxes	(23,676)
1240 Due from Other Governments	1,307,959
1290 Other Receivables, Net	122
1410 Prepayments	77,824
Capital Assets:	
1510 Land	580,991
1520 Buildings, Net	6,936,622
1530 Furniture and Equipment, Net	511,102
1000 Total Assets	15,724,976
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	627,197
1706 Deferred Outflow Related to TRS OPEB	824,060
1700 Total Deferred Outflows of Resources	1,451,257
LIABILITIES	
2110 Accounts Payable	35,612
2140 Interest Payable	9,766
2160 Accrued Wages Payable	298,290
2180 Due to Other Governments	602,850
2200 Accrued Expenses	17,204
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	75,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	1,075,000
2540 Net Pension Liability (District's Share)	1,638,180
2545 Net OPEB Liability (District's Share)	2,388,843
2000 Total Liabilities	6,140,745
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	429,078
2606 Deferred Inflow Related to TRS OPEB	1,910,974
2600 Total Deferred Inflows of Resources	2,340,052
NET POSITION	
3200 Net Investment in Capital Assets	6,878,715
3820 Restricted for Federal and State Programs	481
3890 Restricted for Other Purposes	60,000
3900 Unrestricted	1,756,240
3000 Total Net Position	\$ 8,695,436

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, 2021

Net (Expense)
Revenue and
Changes in Net
Position

6
Primary Gov.

Governmental

Activities

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 4,683,662	\$ 283,032	\$ 471,287	\$ (3,929,343)
12	Instructional Resources and Media Services	48,266	-	-	(48,266)
13	Curriculum and Instructional Staff Development	58,588	-	-	(58,588)
23	School Leadership	322,368	-	-	(322,368)
31	Guidance, Counseling, and Evaluation Services	109,999	-	-	(109,999)
32	Social Work Services	28,548	-	39	(28,509)
33	Health Services	63,096	-	7,140	(55,956)
34	Student (Pupil) Transportation	299,491	-	-	(299,491)
35	Food Services	356,950	55,235	145,678	(156,037)
36	Extracurricular Activities	438,989	54,227	-	(384,762)
41	General Administration	634,445	-	-	(634,445)
51	Facilities Maintenance and Operations	1,086,646	735	85,334	(1,000,577)
52	Security and Monitoring Services	35,028	-	11,761	(23,267)
53	Data Processing Services	164,174	-	-	(164,174)
61	Community Services	146	-	-	(146)
72	Debt Service - Interest on Long-Term Debt	28,755	-	-	(28,755)
93	Payments Related to Shared Services Arrangements	114,016	-	-	(114,016)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 8,473,167	\$ 393,229	\$ 721,239	(7,358,699)

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	5,874,732
SF	State Aid - Formula Grants	1,955,880
GC	Grants and Contributions not Restricted	594,231
IE	Investment Earnings	11,351
MI	Miscellaneous Local and Intermediate Revenue	154,837
TR	Total General Revenues	8,591,031
CN	Change in Net Position	1,232,332
NB	Net Position - Beginning	7,373,854
PA	Prior Period Adjustment	89,250
NE	Net Position - Ending	\$ 8,695,436

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,889,892	\$ (222,825)	\$ 1,667,067
1120 Investments - Current	4,430,205	-	4,430,205
1220 Property Taxes - Delinquent	236,760	-	236,760
1230 Allowance for Uncollectible Taxes	(23,676)	-	(23,676)
1240 Due from Other Governments	913,131	394,828	1,307,959
1260 Due from Other Funds	3,960	-	3,960
1290 Other Receivables	-	122	122
1410 Prepayments	77,824	-	77,824
1000 Total Assets	<u>\$ 7,528,096</u>	<u>\$ 172,125</u>	<u>\$ 7,700,221</u>
LIABILITIES			
2110 Accounts Payable	\$ 31,199	\$ 4,413	\$ 35,612
2160 Accrued Wages Payable	271,472	26,818	298,290
2170 Due to Other Funds	3,960	-	3,960
2180 Due to Other Governments	602,850	-	602,850
2200 Accrued Expenditures	13,962	3,242	17,204
2000 Total Liabilities	<u>923,443</u>	<u>34,473</u>	<u>957,916</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	188,913	-	188,913
2600 Total Deferred Inflows of Resources	<u>188,913</u>	<u>-</u>	<u>188,913</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	481	481
3490 Other Restricted Fund Balance	-	60,000	60,000
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	-	77,171	77,171
3600 Unassigned Fund Balance	4,665,740	-	4,665,740
3000 Total Fund Balances	<u>6,415,740</u>	<u>137,652</u>	<u>6,553,392</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,528,096</u>	<u>\$ 172,125</u>	<u>\$ 7,700,221</u>

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	6,553,392
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 \$18,199,440 and the accumulated depreciation was (\$9,744,912). In addition, long-term debt liabilities of \$(1,225,000), 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.		7,229,528
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 2021 capital outlays of \$10,491 and long-term debt payments of \$75,000 is to increase net position.		85,491
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 (\$1,638,180), a deferred resource inflow related to TRS in the amount of (\$429,078), and a deferred resource outflow related to TRS in the amount of \$627,197. The net effect of including the GASB 68 recognition is to decrease net position.		(1,440,061)
4 Included in the items related to debt is the recognition of the District's proportionate share of the other post employment benefits liability required by GASB 75 in the amount of (\$2,388,843), a deferred resource inflow of (\$1,910,974), and a deferred resource outflow for the OPEB in the amount of \$824,060. The net effect of including the GASB 75 recognition is to decrease net position.		(3,475,757)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(436,304)
6 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 of \$188,913 from property taxes as revenue, recognizing accrued interest on debt payable within one year of (\$9,766) and eliminating interfund transfers. The net effect of these reclassifications and recognitions is to increase net position.		179,147
19 Net Position of Governmental Activities	\$	8,695,436

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, 2021

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,328,766	\$ 109,838	\$ 6,438,604
5800 State Program Revenues	2,325,250	51,178	2,376,428
5900 Federal Program Revenues	44,865	708,024	752,889
5020 Total Revenues	<u>8,698,881</u>	<u>869,040</u>	<u>9,567,921</u>
EXPENDITURES:			
Current:			
0011 Instruction	3,863,332	504,269	4,367,601
0012 Instructional Resources and Media Services	47,192	-	47,192
0013 Curriculum and Instructional Staff Development	56,545	-	56,545
0023 School Leadership	296,122	-	296,122
0031 Guidance, Counseling, and Evaluation Services	105,226	-	105,226
0032 Social Work Services	27,505	39	27,544
0033 Health Services	53,270	7,140	60,410
0034 Student (Pupil) Transportation	205,636	-	205,636
0035 Food Services	-	305,975	305,975
0036 Extracurricular Activities	269,887	66,682	336,569
0041 General Administration	623,142	-	623,142
0051 Facilities Maintenance and Operations	940,450	90,315	1,030,765
0052 Security and Monitoring Services	22,558	11,761	34,319
0053 Data Processing Services	159,068	-	159,068
0061 Community Services	146	-	146
Debt Service:			
0071 Principal on Long-Term Debt	75,000	-	75,000
0072 Interest on Long-Term Debt	30,135	-	30,135
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	114,016	-	114,016
6030 Total Expenditures	<u>6,889,230</u>	<u>986,181</u>	<u>7,875,411</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,809,651</u>	<u>(117,141)</u>	<u>1,692,510</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	75,000	75,000
8911 Transfers Out (Use)	(75,000)	-	(75,000)
7080 Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>75,000</u>	<u>-</u>
1200 Net Change in Fund Balances	1,734,651	(42,141)	1,692,510
0100 Fund Balance - July 1 (Beginning)	4,681,089	90,543	4,771,632
1300 Prior Period Adjustment	-	89,250	89,250
3000 Fund Balance - June 30 (Ending)	<u>\$ 6,415,740</u>	<u>\$ 137,652</u>	<u>\$ 6,553,392</u>

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, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	1,692,510
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 2021 capital outlays of \$10,491 and long-term debt payments of \$75,000 is to increase net position.		85,491
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.		(436,304)
Current year changes due to GASB 68 increased revenues in the amount of \$196,435 but also increased expenditures in the amount of (\$320,515). The net effect was to decrease net position.		(124,080)
Current year changes due to GASB 75 decreased revenues in the amount of \$(54,402) and decreased expenditures in the amount of \$72,192. The net effect was an increase in net position.		17,790
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 \$(4,455), adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the change in liabilities associated with maturing long-term debt and interest \$1,380. The net effect of these reclassifications and recognitions is to decrease net position.		(3,075)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,232,332</u>

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, 2021

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 23,862
Total Assets	<u>23,862</u>
NET POSITION	
Restricted for Other Purposes	<u>23,862</u>
Total Net Position	<u>\$ 23,862</u>

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 9,500
Contributions, Gifts and Donations	432
Total Additions	9,932
DEDUCTIONS:	
Supplies and Materials	10,688
Other Deductions	1,800
Total Deductions	12,488
Change in Fiduciary Net Position	(2,556)
 Total Net Position - July 1 (Beginning)	 12,682
Prior Period Adjustment	13,736
Total Net Position - June 30 (Ending)	\$ 23,862

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Fair Value Measurement. As of June 30, 2021, Brackett Independent School District retrospectively/prospectively applied Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The 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 Asuseptible 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.

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 agency funds. The Districts Custodial Funds are the Student Activity and Scholarship.

E. FUND BALANCE POLICY

Brackett Independent School District reports fund balance 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 of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications: committed, assigned, and unassigned.

From time to time, the Board of Trustees 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 of Trustees 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 unassigned, assigned, then committed.

By a majority vote in a scheduled meeting the Board of Trustees 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 purchases 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 Boards 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*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
7. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.
8. Capital assets, which include land, buildings, furniture and equipment 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.

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 of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	10
Vehicles	7
Equipment	5

9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension & 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 (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 of Trustees 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 fiscal year end. Because the District has a 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, 2021	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 481
Nonappropriated Budget Funds	<u>137,171</u>
All Special Revenue Funds	<u><u>\$ 137,652</u></u>

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, 2021, the District had funds on deposit of \$1,537,404 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) 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, (9) and 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, (10) and 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. Brackett Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of June 30, 2021, Brackett Independent School District had the following investments.

<u>Investment Type and Description</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Public Funds Investment Pools			
Lone Star Government Overnight Fund	AAAm	35 days	\$ 4,430,205
			<u>\$ 4,430,205</u>

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

Lone Star

The **Lone Star Investment Pool** (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAAM by Standard and Poor's. Lone Star has no limitations or restrictions on withdrawals. The District is invested in the Government Overnight Fund of Lone Star. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents. 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 an eleven-member board of trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board 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 polices and contractual provisions governing deposits and investments for Brackett Independent School 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 Districts 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. The 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.

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Lone Star	\$ 4,430,205	\$ -	\$ 4,430,205	\$ -
Total Investments	<u>\$ 4,430,205</u>	<u>\$ -</u>	<u>\$ 4,430,205</u>	<u>\$ -</u>

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, 2021, consisted of the following amounts:

Due to General Fund from:

Intrafund	\$ 3,960
	<hr/>
Total Due to General Fund From Other Funds	<u>\$ 3,960</u>

Interfund transfers as of June 30, 2021, consisted of the following amounts:

Transferred to Non-Major Funds from:

General Fund	\$ 75,000
	<hr/>
Total Transferd to Non-Major Funds from Other Funds	<u>\$ 75,000</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2021, were as follows:

	<u>Property Taxes</u>	<u>Due From Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 236,760	\$ 913,131	\$ 3,960	\$ -	\$ 1,153,851
Nonmajor Governmental Funds	<u>-</u>	<u>394,828</u>	<u>-</u>	<u>122</u>	<u>394,950</u>
Total Governmental Activities	<u>\$ 236,760</u>	<u>\$ 1,307,959</u>	<u>\$ 3,960</u>	<u>\$ 122</u>	<u>\$ 1,548,801</u>
Amount not scheduled for collection during subsequent year	<u>\$ 23,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,676</u>

Payables at June 30, 2021, were as follows:

	<u>Accounts Payables</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Due to Other Funds</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:						
General Fund	\$ 31,199	\$ 285,434	\$ 602,850	\$ 3,960	\$ -	\$ 923,443
Nonmajor Governmental Funds	<u>4,413</u>	<u>30,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,473</u>
Total Governmental Activities	<u>\$ 35,612</u>	<u>\$ 315,494</u>	<u>\$ 602,850</u>	<u>\$ 3,960</u>	<u>\$ -</u>	<u>\$ 957,916</u>

F. CAPITAL ASSET ACTIVITY

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Classifications</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 580,991	\$ -	\$ -	\$ 580,991
Buildings	15,624,632	-	-	15,624,632
Equipment and vehicles	<u>1,993,817</u>	<u>10,491</u>	<u>-</u>	<u>2,004,308</u>
Total at historical cost	<u>18,199,440</u>	<u>10,491</u>	<u>-</u>	<u>18,209,931</u>
Less accumulated depreciation				
Buildings	(8,368,906)	(319,104)	-	(8,688,010)
Equipment and vehicles	<u>(1,376,006)</u>	<u>(117,200)</u>	<u>-</u>	<u>(1,493,206)</u>
Total accumulated depreciation	<u>(9,744,912)</u>	<u>(436,304)</u>	<u>-</u>	<u>(10,181,216)</u>
Governmental activities capital assets, net	<u>\$ 8,454,528</u>	<u>\$ (425,813)</u>	<u>\$ -</u>	<u>\$ 8,028,715</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 145,812
Instructional Leadership	13,744
Guidance, Counseling & Evaluation Services	436
Health Services	1,091
Student (Pupil) Transportation	89,224
Food Services	41,100
Extracurricular Activities	95,856
Plant Maintenance and Operations	<u>49,041</u>
Total depreciation expense	<u><u>\$ 436,304</u></u>

G. LONG-TERM DEBT – 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 debt payable for the year ended June 30, 2021, is as follows:

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 7/1/2020	Issued	Retired	Amounts Outstanding 6/30/2021	Amounts due within one year
Maintenance Tax Note Series 2019	2034	2.46%	\$ 1,300,000	\$ 30,135	\$ 1,225,000	\$ -	\$ 75,000	\$ 1,150,000	\$ 75,000
Totals				<u>\$ 30,135</u>	<u>\$ 1,225,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 1,150,000</u>	<u>\$ 75,000</u>

Long-term debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 75,000	\$ 28,290	\$ 103,290
2023	80,000	26,445	106,445
2024	80,000	24,477	104,477
2025	80,000	22,509	102,509
2026	85,000	20,541	105,541
2027-2031	455,000	70,479	525,479
2032-2034	295,000	14,637	309,637
Total	<u>\$ 1,150,000</u>	<u>\$ 207,378</u>	<u>\$ 1,357,378</u>

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapital) lease agreements for copiers provide for minimum future rental payments as of June 30, 2021, as follows:

2022	\$ 30,909
2023	29,900
2024	8,073
2025	3,242
2026	-
Thereafter	-

Rental expenditures for 2021 were \$30,909.

I. COMPENSATED ABSENCES

The State of Texas has created a minimum personal leave program consisting of five days per year leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas public schools.

Each districts local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. Brackett Independent School District provides an additional five days leave above the state granted five days per year. Personal leave is not vested, therefore, upon resignation, termination or nonrenewal of contract, accumulated personal leave is not paid.

J. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS Documents/cafr_2020.pdf](https://www.trs.texas.gov/TRS_Documents/cafr_2020.pdf) ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

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

Contributions Rates		
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 FY Employer Contributions		\$ 135,946
District's 2021 FY Member Contributions		\$ 351,443
Measurement Year NECE On-Behalf Contributions		\$ 289,037

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

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

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

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

- * All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member’s salary beginning in fiscal year 2020, gradually increasing 2 percent in fiscal year 2025.
- * When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions.

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2019	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability assumptions are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

Discount Rate. A single discount rate of 7.25 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 7.25 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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. 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 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation* %	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.33%

* Target allocations are based on the FY2020 policy model.

** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

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

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$2,526,044	\$1,638,180	\$916,810

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of \$1,638,180 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	\$ 1,638,180
State's proportionate share that is associated with the District	<u>3,751,861</u>
	<u>\$ 5,390,041</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020, the employers' proportion of the collective net pension liability was 0.0030587049% which was a decrease of 0.0005031439% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2021, the District recognized pension expense of \$451,266 and revenue of \$451,266 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2021, 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	\$ 2,991	\$ 45,717
Changes in actuarial assumptions	380,116	161,623
Net difference between projected and actual investment earnings	33,164	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	94,598	221,738
Contributions paid to TRS subsequent to the measurement date	116,328	-
Total	\$ 627,197	\$ 429,078

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2021	\$ 62,366
2022	48,882
2023	41,857
2024	(8,605)
2025	(51,979)
Thereafter	(10,730)

K. 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 may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS Documents/cafr_2020.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020, are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 40,010,833,815
Less: plan fiduciary net position	<u>(1,996,317,932)</u>
Net OPEB Liability	<u>\$ 38,014,515,883</u>
Net position as a percentage of total OPEB liability	-4.99%

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

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

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

TRS-Care Monthly Premium Rates

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

*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contributions Rates

	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2021 FY Employer Contributions		\$ 43,633
District's 2021 FY Member Contributions		\$ 29,667
Measurement Year NECE On-Behalf Contributions		\$ 64,181

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions.

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. 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. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate. A single discount rate of 2.33 percent was used to measure the total OPEB liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2020 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 (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$2,866,606	\$2,388,843	\$2,011,478

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$1,951,378	\$2,388,843	\$2,971,483

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021, the District reported a liability of \$2,388,843 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Brackett Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,388,843
State's proportionate share that is associated with the District	<u>3,210,032</u>
	<u>\$ 5,598,875</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.0062840275% compared to 0.006573267% as of August 31, 2019.

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, Brackett Independent School District recognized OPEB expenses of \$22,289 and revenue \$22,289 for support provided by the State.

At June 30, 2021, Brackett Independent School 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	\$ 125,079	\$ 1,093,257
Changes in actuarial assumptions	147,342	655,989
Net difference between projected and actual investment earnings	776	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	514,066	161,728
Contributions paid to TRS subsequent to the measurement date	36,797	-
Total	\$ 824,060	\$ 1,910,974

The net amounts of the employer's balance of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2022	\$ (187,142)	\$ (936,569)
2023	(187,245)	(749,324)
2024	(187,307)	(562,017)
2025	(187,291)	(374,726)
2026	(123,483)	(251,243)
Thereafter	(251,243)	-

L. 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 to Brackett Independent School District for fiscal years 2019, 2020, and 2021 were \$14,142, \$19,190, and \$22,623 respectively.

M. LITIGATION

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

N. COMMITMENTS AND CONTINGENCIES

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

O. UNAVAILABLE REVENUE

Unavailable revenue at year end consisted of the following:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 188,913	\$ -	\$ 188,913
Total Unavailable Revenue	<u>\$ 188,913</u>	<u>\$ -</u>	<u>\$ 188,913</u>

P. 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, 2021, 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.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General	\$ 68,742	\$ -	\$ 844,389	\$ 913,131
Special Revenue	<u>11,800</u>	<u>383,028</u>	<u>-</u>	<u>394,828</u>
Total	<u>\$ 80,542</u>	<u>\$ 383,028</u>	<u>\$ 844,389</u>	<u>\$ 1,307,959</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 5,887,783	\$ -	\$ 5,887,783
Penalties, Interest and Other Tax-related Income	138,241	-	138,241
Tuition and Fees	640	-	640
Investment Income	10,845	506	11,351
Rent	735	-	735
Gifts and Bequest	8,000	-	8,000
Food Sales	-	55,235	55,235
Co-curricular	130	54,097	54,227
Other	<u>282,392</u>	<u>-</u>	<u>282,392</u>
Total	<u>\$ 6,328,766</u>	<u>\$ 109,838</u>	<u>\$ 6,438,604</u>

R. TAX ABATEMENTS

On October 14, 2013, December 21, 2009, and November 11, 2019 the Brackett Independent School District Board of Trustees approved an agreement with OCI Alamo 4 LLC, Anacacho Wind, and Zier Solar, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program, originally created in 2011 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The projects must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and Texas Priority projects. OCI Alamo 4 LLC, Anacacho Wind, 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: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and the supporting documentation was assigned Texas Comptroller Application No. 302, No. 163, & No. 1335.

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

In the event that OCI Alamo 4 LLC , Anacacho Wind, and Zier Solar, LLC terminates this 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 shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The agreement provides an administrative procedure any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

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

Project	First Year Value Limitations	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Project Value FY2020	Project's Value Limitation Amount FY2020	Amount of Applicant's M&O Taxes Paid FY2020	Amount of Applicant's M&O Taxes Reduced FY2020	Company Revenue Loss Payment to School District FY2020	Company Supplemental Payment to School District FY2020	Net Benefit (Loss) to the School District FY2020 (C+E+F)
OCI Alamo 4 LLC (Application #302)	2016	\$ 29,700,000	\$ 1,000,000	\$ 8,700	\$ 249,690	\$ -	\$ 57,574	\$ 66,274
Anacacho Wind (Application # 163)	2012	\$ 60,700,000	\$ -	\$ 528,090	\$ -	\$ -	\$ 56,133	\$ 56,133
Zier Solar, LLC (Application # 1335)	2022	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 54,000	\$ 54,000

S. SHARED SERVICES ARRANGEMENT

The District participates in shared services arrangements with another school district. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Cluster V Special Education Co-op, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Brackett Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangements. The District paid \$114,016 to the fiscal agent during the year.

T. PRIOR PERIOD ADJUSTMENT

During fiscal year 2021, the District adopted GASB Statement No. 84 for Accounting and Reporting for Fiduciary Activities. With GASB 84, the District was required to reclassify some of the funds that were being treated as a fiduciary fund into a special revenue fund type. All funds were evaluated to determine if the District had administrative control. The funds where the District didn't have administrative control continue to be reported as a fiduciary "custodial" fund. Adoption of GASB 84 required a prior period adjustment to report the effect of GASB 84 retroactively. The amount of the prior adjustment in the special revenue funds is \$89,250. The restated beginning net position is \$7,463,104 and the restated beginning fund balance is \$179,793. The amount of the prior period adjustment in the fiduciary funds is \$13,736 with a restated beginning net position of \$13,736.

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,229,327	\$ 6,229,327	\$ 6,328,766	\$ 99,439
5800	State Program Revenues	1,980,010	1,980,010	2,325,250	345,240
5900	Federal Program Revenues	100,000	100,000	44,865	(55,135)
5020	Total Revenues	8,309,337	8,309,337	8,698,881	389,544
EXPENDITURES:					
Current:					
0011	Instruction	4,325,997	4,325,997	3,863,332	462,665
0012	Instructional Resources and Media Services	57,065	57,065	47,192	9,873
0013	Curriculum and Instructional Staff Development	80,727	80,727	56,545	24,182
0023	School Leadership	389,822	389,822	296,122	93,700
0031	Guidance, Counseling, and Evaluation Services	136,593	136,593	105,226	31,367
0032	Social Work Services	29,013	29,013	27,505	1,508
0033	Health Services	64,320	64,320	53,270	11,050
0034	Student (Pupil) Transportation	323,725	323,725	205,636	118,089
0036	Extracurricular Activities	459,347	459,347	269,887	189,460
0041	General Administration	667,724	667,724	623,142	44,582
0051	Facilities Maintenance and Operations	1,238,305	1,238,305	940,450	297,855
0052	Security and Monitoring Services	48,450	48,450	22,558	25,892
0053	Data Processing Services	191,614	191,614	159,068	32,546
0061	Community Services	1,500	1,500	146	1,354
Debt Service:					
0071	Principal on Long-Term Debt	75,000	75,000	75,000	-
0072	Interest on Long-Term Debt	30,135	30,135	30,135	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	115,000	115,000	114,016	984
6030	Total Expenditures	8,234,337	8,234,337	6,889,230	1,345,107
1100	Excess of Revenues Over Expenditures	75,000	75,000	1,809,651	1,734,651
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(75,000)	(75,000)	(75,000)	-
1200	Net Change in Fund Balances	-	-	1,734,651	1,734,651
0100	Fund Balance - July 1 (Beginning)	4,681,089	4,681,089	4,681,089	-
3000	Fund Balance - June 30 (Ending)	\$ 4,681,089	\$ 4,681,089	\$ 6,415,740	\$ 1,734,651

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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.003058705%	0.003561849%	0.003620307%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,638,180	\$ 1,851,560	\$ 1,992,705
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,751,861	3,703,916	3,929,658
Total	<u>\$ 5,390,041</u>	<u>\$ 5,555,476</u>	<u>\$ 5,922,363</u>
District's Covered Payroll	\$ 4,541,058	\$ 4,564,667	\$ 4,414,011
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	36.07%	40.56%	45.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.00352436%	0.003678%	0.0037667%	0.0019492%
\$ 1,126,901	\$ 1,389,869	\$ 1,331,478	\$ 520,659
2,439,913	2,848,343	2,757,224	2,498,924
<u>\$ 3,566,814</u>	<u>\$ 4,238,212</u>	<u>\$ 4,088,702</u>	<u>\$ 3,019,583</u>
\$ 4,462,044	\$ 4,296,391	\$ 4,137,799	\$ 4,134,877
25.26%	32.35%	32.18%	12.59%
82.17%	78.00%	78.43%	83.25%

BRACKETT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 135,946	\$ 127,255	\$ 123,138
Contribution in Relation to the Contractually Required Contribution	(135,946)	(127,255)	(123,138)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,564,182	\$ 4,564,568	\$ 4,551,447
Contributions as a Percentage of Covered Payroll	2.98%	2.79%	2.71%

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.

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.

	2018	2017	2016	2015
\$	121,105	\$ 116,245	\$ 111,535	\$ 49,417
	(121,105)	(116,245)	(111,535)	(49,417)
\$	-	\$ -	\$ -	\$ -
\$	4,396,962	\$ 4,479,758	\$ 4,296,391	\$ 4,137,799
	2.75%	2.59%	2.60%	1.19%

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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006284027%	0.006573267%	0.006015304%	\$ 0.0054235%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,389,843	\$ 3,108,578	\$ 3,003,496	\$ 2,358,490
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,210,032	4,130,605	3,779,790	\$ 3,452,261
Total	<u>\$ 5,599,875</u>	<u>\$ 7,239,183</u>	<u>\$ 6,783,286</u>	<u>\$ 5,810,751</u>
District's Covered Payroll	\$ 4,541,058	\$ 4,564,667	\$ 4,414,011	\$ 4,462,044
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	52.61%	68.10%	68.05%	\$ 52.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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.

BRACKETT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 43,633	\$ 48,507	\$ 45,505	\$ 39,380
Contribution in Relation to the Contractually Required Contribution	(43,633)	(48,507)	(45,505)	(39,380)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,564,182	\$ 4,564,568	\$ 4,551,447	\$ 4,396,962
Contributions as a Percentage of Covered Payroll	0.96%	1.06%	1.00%	0.90%

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

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

BRACKETT INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit.

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

Changes in Assumptions.

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 2.64 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

COMBINING AND OTHER STATEMENTS

BRACKETT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	205	211	212	240
	Head Start	ESEA I, A Improving Basic Program	ESEA Title I Part C Migrant	National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ (10,792)	\$ (194,872)	\$ -	\$ 14,327
1240 Due from Other Governments	16,524	205,885	-	-
1290 Other Receivables	-	-	-	122
1000 Total Assets	<u>\$ 5,732</u>	<u>\$ 11,013</u>	<u>\$ -</u>	<u>\$ 14,449</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 1,596
2160 Accrued Wages Payable	5,152	9,652	-	11,214
2200 Accrued Expenditures	580	1,361	-	1,158
2000 Total Liabilities	<u>5,732</u>	<u>11,013</u>	<u>-</u>	<u>13,968</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	481
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>481</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,732</u>	<u>\$ 11,013</u>	<u>\$ -</u>	<u>\$ 14,449</u>

255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief	269 Small, Rural School Achiev Program	277 Coronavirus Relief Fund CARES	289 Title IV, Part A Subpart 1	410 State Instructional Materials	429 Truancy Project Grant	461 Campus Activity Funds
\$ (16,026)	\$ (116,311)	\$ -	\$ -	\$ (25,382)	\$ -	\$ (10,940)	\$ 77,171
16,071	117,384	1,782	-	25,382	-	11,800	-
-	-	-	-	-	-	-	-
<u>\$ 45</u>	<u>\$ 1,073</u>	<u>\$ 1,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 77,171</u>
\$ -	\$ 1,035	\$ 1,782	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	800	-
45	38	-	-	-	-	60	-
<u>45</u>	<u>1,073</u>	<u>1,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	77,171
-	-	-	-	-	-	-	77,171
<u>\$ 45</u>	<u>\$ 1,073</u>	<u>\$ 1,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 77,171</u>

BRACKETT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes	480 Hillcrest Foundation Grant	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 60,000	\$ (222,825)
1240 Due from Other Governments	-	394,828
1290 Other Receivables	-	122
1000 Total Assets	<u>\$ 60,000</u>	<u>\$ 172,125</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 4,413
2160 Accrued Wages Payable	-	26,818
2200 Accrued Expenditures	-	3,242
2000 Total Liabilities	<u>-</u>	<u>34,473</u>
FUND BALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	481
3490 Other Restricted Fund Balance	60,000	60,000
Committed Fund Balance:		
3545 Other Committed Fund Balance	-	77,171
3000 Total Fund Balances	<u>60,000</u>	<u>137,652</u>
4000 Total Liabilities and Fund Balances	<u>\$ 60,000</u>	<u>\$ 172,125</u>

BRACKETT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 55,235
5800 State Program Revenues	-	-	-	1,446
5900 Federal Program Revenues	75,627	198,164	12,903	154,529
5020 Total Revenues	<u>75,627</u>	<u>198,164</u>	<u>12,903</u>	<u>211,210</u>
EXPENDITURES:				
Current:				
0011 Instruction	75,627	198,164	12,903	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	305,975
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	10,297
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	<u>75,627</u>	<u>198,164</u>	<u>12,903</u>	<u>316,272</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(105,062)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	75,000
1200 Net Change in Fund Balance	-	-	-	(30,062)
0100 Fund Balance - July 1 (Beginning)	-	-	-	30,543
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481</u>

255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief	269 Small, Rural School Achiev Program	277 Coronavirus Relief Fund CARES	289 Title IV, Part A Subpart 1	410 State Instructional Materials	429 Truancy Project Grant	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	54,603
-	-	-	-	-	49,732	-	-
16,071	117,384	20,237	75,927	25,382	-	11,800	-
16,071	117,384	20,237	75,927	25,382	49,732	11,800	54,603
16,071	40,188	20,237	65,965	25,382	49,732	-	-
-	-	-	-	-	-	39	-
-	7,140	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	66,682
-	70,056	-	9,962	-	-	-	-
-	-	-	-	-	-	11,761	-
16,071	117,384	20,237	75,927	25,382	49,732	11,800	66,682
-	-	-	-	-	-	-	(12,079)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(12,079)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	89,250
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	77,171

BRACKETT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	480 Hillcrest Foundation Grant	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ -	\$ 109,838
5800 State Program Revenues	-	51,178
5900 Federal Program Revenues	-	708,024
5020 Total Revenues	-	869,040
EXPENDITURES:		
Current:		
0011 Instruction	-	504,269
0032 Social Work Services	-	39
0033 Health Services	-	7,140
0035 Food Services	-	305,975
0036 Extracurricular Activities	-	66,682
0051 Facilities Maintenance and Operations	-	90,315
0052 Security and Monitoring Services	-	11,761
6030 Total Expenditures	-	986,181
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(117,141)
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	-	75,000
1200 Net Change in Fund Balance	-	(42,141)
0100 Fund Balance - July 1 (Beginning)	60,000	90,543
1300 Prior Period Adjustment	-	89,250
3000 Fund Balance - June 30 (Ending)	\$ 60,000	\$ 137,652

T.E.A. REQUIRED SCHEDULES

BRACKETT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.000000	177,498,255
2014	1.040000	0.000000	218,735,900
2015	1.040000	0.000000	249,952,308
2016	1.040000	0.000000	295,485,908
2017	1.040000	0.000000	302,957,596
2018	1.040000	0.000000	303,668,462
2019	1.040000	0.000000	314,817,692
2020	0.970000	0.000000	444,282,577
2021 (School year under audit)	0.870000	0.000000	640,750,213
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 51,423	\$ -	\$ 839	\$ -	\$ (1,768)	\$ 48,816
5,512	-	414	-	(42)	5,056
7,621	-	425	-	(63)	7,133
8,547	-	529	-	(65)	7,953
9,357	-	980	-	(66)	8,311
9,946	-	2,061	-	(65)	7,820
14,475	-	4,606	-	(26)	9,843
27,126	-	10,953	-	(415)	15,758
99,099	-	55,398	-	(1,228)	42,473
-	5,574,527	5,802,981	-	312,051	83,597
<u>\$ 233,106</u>	<u>\$ 5,574,527</u>	<u>\$ 5,879,186</u>	<u>\$ -</u>	<u>\$ 308,313</u>	<u>\$ 236,760</u>

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 78,000	\$ 78,000	\$ 55,235	\$ (22,765)
5800 State Program Revenues	1,500	1,500	1,446	(54)
5900 Federal Program Revenues	226,304	226,304	154,529	(71,775)
5020 Total Revenues	<u>305,804</u>	<u>305,804</u>	<u>211,210</u>	<u>(94,594)</u>
EXPENDITURES:				
Current:				
0035 Food Services	353,973	353,973	305,975	47,998
0051 Facilities Maintenance and Operations	26,831	26,831	10,297	16,534
6030 Total Expenditures	<u>380,804</u>	<u>380,804</u>	<u>316,272</u>	<u>64,532</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	(75,000)	(105,062)	(30,062)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
1200 Net Change in Fund Balances	-	-	(30,062)	(30,062)
0100 Fund Balance - July 1 (Beginning)	<u>30,543</u>	<u>30,543</u>	<u>30,543</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 30,543</u>	<u>\$ 30,543</u>	<u>\$ 481</u>	<u>\$ (30,062)</u>

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Brackett Independent School District

Fiscal Year 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	502,579
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	389,568

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	12,916
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	81,998

REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS

COLEMAN, HORTON & COMPANY, LLP

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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
Brackettville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brackett Independent School District, as of and for the year ended June 30, 2021, 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 6, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 & Company, LLP

Uvalde, Texas
August 6, 2021

SCHOOLS FIRST QUESTIONNAIRE

Brackett Independent School District

Fiscal Year 2021

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?	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 there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$-0-