Lipan Independent School District

Annual Financial Report

For the Year Ended August 31, 2026

Lipan Independent School District
Annual Financial Report
For The Year Ended August 31, 2026

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Introductory Section

CERTIFICATE OF BOARD

Lipan Independent School District	Hood	111-902
Name of School District	County	Co. Dist. Number

We, the undersigned, certify that the attached financial reports of the above named school district were reviewed and (check one) ✓ approved ___ disapproved for the year ended August 31, 2026, at a meeting of the board of trustees of such school district on the 22nd day of October, 2026.

Signature of Board Secretary

Signature of Board President

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

Financial Section

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Lipan Independent School District
211 N. Kickapoo
Lipan, Texas 76462

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lipan Independent School District ("the District"), as of and for the year ended August 31, 2026, and the related notes to the financial statements, which collectively comprise the Lipan Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lipan Independent School District as of August 31, 2026, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lipan Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lipan Independent School District's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 20, 2026 on our consideration of Lipan 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 Lipan 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 Lipan Independent School District's internal control over financial reporting and compliance.



Snow Garrett Williams
October 20, 2026

Management's Discussion and Analysis
(Unaudited)

As management of the District, we offer readers of the District's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the District for the fiscal year ended August 31, 2026, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements are referenced as Exhibits A-1 and B-1 in this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.



All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

  Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements are referenced as Exhibits C-1 through C-3 in this report.

- ***Fiduciary funds.*** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position as referenced as Exhibits E-1 and E-2, respectively, in this report.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. The required supplementary information are referenced as Exhibits G-1 through G-5 in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $7,254,654 as of August 31, 2026.

The District's Net Position

	August 31, 2026	August 31, 2025
Current assets	$ 6,190,169	$ 5,513,610
Capital assets	19,316,083	19,941,720
Long-term investments	1,900,000	1,725,000
Total assets	27,406,252	27,180,330
Deferred outflows of resources		
Deferred outflows related to pensions	640,551	628,899
Deferred outflows related to OPEB	1,087,564	1,382,379
Total deferred outflows of resources	1,728,115	2,011,278
Current liabilities	398,766	366,206
Long-term liabilities outstanding	19,617,938	20,263,129
Total liabilities	20,016,704	20,629,335
Deferred inflows of resources		
Deferred gain on refunding	34,026	36,456
Deferred inflows related to pensions	131,172	45,800
Deferred inflows related to OPEB	1,697,811	1,717,778
Total deferred inflows of resources	1,863,009	1,800,034
Net position:		
Net investment in capital assets	2,599,270	2,934,983
Restricted	3,661,162	3,118,602
Unrestricted	994,222	708,654
Total net position	$ 7,254,654	$ 6,762,239

Investment in capital assets (e.g., land, buildings, furniture and equipment, and right-to-use assets) is $2,599,270. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, $3,661,162, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position,* $994,222, may be used to meet the District's ongoing obligations.

Changes in the District's Net Position - Governmental Activities

	Fiscal Year August 31, 2026	Fiscal Year August 31, 2025
Revenues:		
Program revenues		
Charges for services	$ 18,552	$ 16,937
Operating grants and contributions	759,606	774,487
General revenues		
Property taxes	3,501,117	3,510,359
State grants	4,853,394	4,026,322
Other	351,842	248,838
Total revenues	9,484,511	8,576,943
Expenses:		
Instruction	$4,281,937	4,160,193
Instruction resources and media services	55,551	51,619
Curriculum and staff development	10,300	3,200
Instructional leadership	121,807	124,100
School leadership	578,147	483,208
Guidance, counseling & evaluation services	202,451	155,529
Health services	89,266	80,782
Student transportation	249,509	183,812
Food service	252,293	237,018
Cocurricular/extracurricular activities	403,856	383,019
General administration	542,443	407,418
Facilities maintenance and operations	1,094,813	958,361
Security and monitoring services	20,443	20,081
Data processing services	269,936	294,011
Interest on long-term debt	504,874	533,188
Capital outlay	-	35,000
Payments related to shared service arrangen	239,281	106,622
Other intergovernmental charges	75,189	77,536
Total expenses	8,992,096	8,294,697
Increase (decrease) in net position	492,415	282,246
Beginning net position	6,762,239	6,479,993
Ending net position	$ 7,254,654	$ 6,762,239

Governmental activities. The District's total net position increased $492,415. The total cost of all *governmental activities* this year was $8,992,096.

Revenues increased by $907,568 from the prior year. State grants are the District's largest source of revenue, totaling $4,853,394 in the current fiscal year compared to $4,026,322 in the prior reporting period. Increases in the state aid grants were related to the new Teacher Retention Allotment, increases in the small-district allotment, career and technology funding, and special education funding.

Expenses increased by $697,399 from the prior year. The most significant increases were for salary expense increases in part due to the implementation of the Teacher Retention Allotment under House Bill 2 beginning in the 2025–2026 school year, which provided $300,000 for salary increases for eligible classroom teachers, additionally the costs for participation in the special education SSA increased by $132,659 compared to the prior year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes. The District reports two major funds individually in the governmental fund financial statements, the General Fund and the Debt Service Fund.

General Fund. The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $1,904,681, while total fund balance was $3,885,647. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 25% of total General Fund expenditures, while total fund balance represents 51% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by $269,178. Revenues totaled $7,963,274, an increase of $949,874; expenditures totaled $7,674,108, an increase of $1,028,373.

- Revenues increased primarily due to additional state funding from the new Teacher Retention Allotment and increases in the small-district, career and technology, and special education allotments.
- Expenditures increased primarily due to higher salary costs across multiple functions, including teacher salary increases supported by the Teacher Retention Allotment, increased payments to shared service arrangements, and additional equipment purchases.

Debt Service Fund. The fund balance of the District's debt service fund increased $542,287 during the current fiscal year, resulting in an ending fund balance of $3,614,204.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

The District's investment in capital assets for its governmental activities as of August 31, 2026, totals $19,316,083, net of accumulated depreciation/amortization. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and right to use leased assets.

Major capital asset acquisitions during the year included the purchase of Chromebooks and four buses.

District's Capital Assets

(Net of Depreciation/Amortization)

	2026	2025
Land	$ 736,181	$ 736,181
Buildings and improvements	17,476,951	18,433,833
Furniture and equipment	1,097,774	757,656
Right to use leased assets	5,177	14,050
Total at historical cost	$ 19,316,083	$ 19,941,720

Additional information on the District's capital assets can be found in Note D of this report.

Long-term Financing

At August 31, 2026, the District's long-term financing liabilities totaled $19.6 million, a decrease of $645,191, or 3.2%, from the prior year. The decrease primarily reflected a $373,333 reduction in the net OPEB liability, along with scheduled principal payments and reductions in bond-related balances.

Governmental Activities:	2026	2025	Change
General Obligation Bonds	$15,205,744	$ 15,300,895	$ (95,151)
Accumulated Accretion	718,201	860,687	(142,486)
Lease Liability	5,355	14,390	(9,035)
Premium on Bonds	826,935	867,757	(40,822)
Net Pension Liability	1,815,977	1,800,341	15,636
Net OPEB Liability	1,045,726	1,419,059	(373,333)
Total governmental activities	$ 19,617,938	$ 20,263,129	$ (645,191)

Additional information on the District's long-term debt can be found in Note F of this report.

Currently Known Facts, Decisions or Conditions

The District is aware of the following items that will impact future finances and were considered in developing the 2026-2027 fiscal year budget.

- The District's student attendance rate has remained stable at 96%, and current enrollment is 473 students.
- The District's maintenance and operations tax rate is $0.7469 per $100 of assessed property value.
- The adopted fiscal year 2026–2027 General Fund budget includes revenues and expenditures of $7,543,476 each, with no budgeted change in fund balance.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lipan ISD Business Office, 211 N. Kickapoo St., Lipan, TX 76462.



Basic Financial Statements

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2026

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	Cash and Cash Equivalents	$ 401,118
1120	Current Investments	5,510,612
1225	Property Taxes Receivable (Net)	139,796
1240	Due from Other Governments	92,260
1290	Other Receivables	20,452
1410	Unrealized Expenditures	25,931
	Capital Assets:	
1510	Land	736,181
1520	Buildings and Improvements (Net)	17,476,951
1530	Furniture and Equipment (Net)	1,097,774
1550	Right to Use Leased Assets (Net)	5,177
1910	Long-Term Investments	1,900,000
1000	Total Assets	27,406,252
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow Related to Pensions	640,551
	Deferred Outflow Related to OPEB	1,087,564
1700	Total Deferred Outflows of Resources	1,728,115
	LIABILITIES:	
2110	Accounts Payable	12,111
2140	Interest Payable	28,329
2165	Accrued Liabilities	350,236
2200	Accrued Expenditures	6,840
2300	Unearned Revenue	1,250
	Noncurrent Liabilities	
2501	Due Within One Year	93,718
2502	Due in More Than One Year	16,662,517
2540	Net Pension Liability	1,815,977
2545	Net OPEB Liability	1,045,726
2000	Total Liabilities	20,016,704
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Gain on Refunding	34,026
	Deferred Inflow Related to Pensions	131,172
	Deferred Inflow Related to OPEB	1,697,811
2600	Total Deferred Inflows of Resources	1,863,009
	NET POSITION	
3200	Net Investment in Capital Assets	2,599,270
	Restricted For:	
3820	Federal and State Programs	6,637
3850	Debt Service	1,754,525
3890	Other Purposes - Sinking Fund	1,900,000
3900	Unrestricted	994,222
3000	Total Net Position	$ 7,254,654

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Governmental Activities:				
11	Instruction	$ 4,281,937	$ 6,399	$ 232,946	$ (4,042,592)
12	Instructional Resources and Media Services	55,551	86	(340)	(55,805)
13	Curriculum and Staff Development	10,300	15	389	(9,896)
21	Instructional Leadership	121,807	187	(191)	(121,811)
23	School Leadership	578,147	878	4,386	(572,883)
31	Guidance, Counseling, and Evaluation Services	202,451	309	858	(201,284)
33	Health Services	89,266	137	(335)	(89,464)
34	Student Transportation	249,509	763	16,419	(232,327)
35	Food Service	252,293	5,737	186,661	(59,895)
36	Cocurricular/Extracurricular Activities	403,856	607	7,719	(395,530)
41	General Administration	542,443	830	1,673	(539,940)
51	Facilities Maintenance and Operations	1,094,813	1,749	35,235	(1,057,829)
52	Security and Monitoring Services	20,443	30	773	(19,640)
53	Data Processing Services	269,936	404	5,720	(263,812)
72	Interest on Long-term Debt	504,874	17	257,329	(247,528)
93	Payments to Shared Services Arrangements	239,281	404	10,364	(228,513)
99	Other Intergovernmental Charges	75,189	-	-	(75,189)
TG	Total Governmental Activities	8,992,096	18,552	759,606	(8,213,938)
TP	Total Primary Government	$ 8,992,096	$ 18,552	$ 759,606	(8,213,938)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				2,499,756
DT	Property Taxes, Levied for Debt Service				1,001,361
IE	Investment Earnings				223,490
SF	State Aid-Formula Grants				4,853,394
MI	Miscellaneous				128,352
TR	Total General Revenues				8,706,353
CN	Change in Net Position				492,415
NB	Net Position - Beginning				6,762,239
NE	Net Position - Ending				$ 7,254,654

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	Cash and Cash Equivalents	$ 327,681	$ 1	$ 73,436	$ 401,118
1120	Current Investments	3,801,621	1,704,874	4,117	5,510,612
1225	Taxes Receivable	178,617	69,455	-	248,072
1230	Allowance for Uncollectible Taxes (Credit)	(79,142)	(29,134)	-	(108,276)
1240	Due from Other Governments	17,883	9,329	65,048	92,260
1260	Due from Other Funds	49,074	-	-	49,074
1290	Other Receivables	20,452	-	-	20,452
1410	Unrealized Expenditures	25,931	-	-	25,931
1910	Long-Term Investments - Sinking Fund	-	1,900,000	-	1,900,000
1000	Total Assets	4,342,117	3,654,525	142,601	8,139,243
	LIABILITIES:				
2110	Accounts Payable	12,111	-	-	12,111
2150	Payroll Deductions and Withholdings	21,256	-	-	21,256
2160	Accrued Wages Payable	317,043	-	11,937	328,980
2170	Due to Other Funds	-	-	49,074	49,074
2200	Accrued Expenditures	6,585	-	255	6,840
2300	Unearned Revenues	-	-	1,250	1,250
2000	Total Liabilities	356,995	-	62,516	419,511
	DEFERRED INFLOWS OF RESOURCES:				
	Property Taxes	99,475	40,321	-	139,796
2600	Total Deferred Inflows of Resources	99,475	40,321	-	139,796
	FUND BALANCES:				
	Nonspendable:				
3430	Prepaid Items	25,931	-	-	25,931
	Restricted:				
3450	Federal/State Funds Grant Restrictions	-	-	6,637	6,637
3470	Capital Acquisitions & Contractual Obligations	-	-	73,448	73,448
3480	Retirement of Long-Term Debt	-	1,714,204	-	1,714,204
3490	Other Restrictions - Sinking Fund	-	1,900,000	-	1,900,000
	Committed:				
3510	Construction	1,805,035	-	-	1,805,035
3530	Capital Expenditures	100,000	-	-	100,000
3545	Other	50,000	-	-	50,000
3600	Unassigned	1,904,681	-	-	1,904,681
3000	Total Fund Balances	3,885,647	3,614,204	80,085	7,579,936
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,342,117	$ 3,654,525	$ 142,601	$ 8,139,243

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit C-1R

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2026

Total fund balances - governmental funds balance sheet	$	7,579,936
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		139,796
Capital assets used in governmental activities are not reported in the funds.		19,316,083
Deferred resource outflows related to the pension plan are not reported in the funds.		640,551
Deferred resource outflows related to the OPEB plan are not reported in the funds.		1,087,564
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(1,815,977)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(1,045,726)
Deferred resource inflows related to the pension plan are not reported in the funds.		(131,172)
Deferred resource inflows related to the OPEB plan are not reported in the funds.		(1,697,811)
Payables for bond principal which are not due in the current period are not reported in the funds.		(15,205,744)
Payables for leases which are not due in the current period are not reported in the funds.		(5,355)
Payables for bond interest which are not due in the current period are not reported in the funds.		(28,329)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.		(718,201)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.		(826,935)
Deferred gain on refunding bonds is not reported in the funds.		(34,026)
Net position of governmental activities - Statement of Net Position	$	7,254,654

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	Local and Intermediate Sources	$ 2,780,737	$ 1,070,945	$ 5,737	$ 3,857,419
5800	State Program Revenues	5,182,305	83,534	86,284	5,352,123
5900	Federal Program Revenues	232	173,361	324,660	498,253
5020	Total Revenues	7,963,274	1,327,840	416,681	9,707,795
	EXPENDITURES:				
	Current:				
0011	Instruction	3,795,369	-	216,433	4,011,802
0012	Instructional Resources and Media Services	50,769	-	-	50,769
0013	Curriculum and Staff Development	8,987	-	-	8,987
0021	Instructional Leadership	110,799	-	-	110,799
0023	School Leadership	520,908	-	-	520,908
0031	Guidance, Counseling, and Evaluation Services	183,047	-	-	183,047
0033	Health Services	81,383	-	-	81,383
0034	Student Transportation	452,690	-	-	452,690
0035	Food Service	-	-	226,789	226,789
0036	Cocurricular/Extracurricular Activities	359,650	-	-	359,650
0041	General Administration	492,302	-	-	492,302
0051	Facilities Maintenance and Operations	1,036,909	-	-	1,036,909
0052	Security and Monitoring Services	17,837	-	-	17,837
0053	Data Processing Services	239,748	-	-	239,748
	Debt Service:				
0071	Principal on Long-term Debt	9,035	95,151	-	104,186
0072	Interest on Long-term Debt	205	690,402	-	690,607
	Intergovernmental:				
0093	Payments to Shared Service Arrangements	239,281	-	-	239,281
0099	Other Intergovernmental Charges	75,189	-	-	75,189
6030	Total Expenditures	7,674,108	785,553	443,222	8,902,883
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	289,166	542,287	(26,541)	804,912
	Other Financing Sources and (Uses):				
7912	Sale of Real and Personal Property	3,985	-	-	3,985
7915	Transfers In	-	-	23,973	23,973
8911	Transfers Out	(23,973)	-	-	(23,973)
7080	Total Other Financing Sources and (Uses)	(19,988)	-	23,973	3,985
1200	Net Change in Fund Balances	269,178	542,287	(2,568)	808,897
0100	Fund Balances - Beginning	3,616,469	3,071,917	82,653	6,771,039
3000	Fund Balances - Ending	$ 3,885,647	$ 3,614,204	$ 80,085	$ 7,579,936

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2026

Net change in fund balances - total governmental funds	$	808,897
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		10,108
Capital outlays are not reported as expenses in the SOA.		523,399
The depreciation / amortization of capital assets used in governmental activities is not reported in the funds.		(1,149,036)
The gain or loss on the sale of capital assets is not reported in the funds.		3,985
Proceeds from the sale of capital assets are reported in the funds but not in the SOA.		(3,985)
GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These pension contributions made after the measurement date of the plan increased ending net position.		189,935
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to net pension liability.		(168,350)
Changes in the net pension liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is a decrease in net position.		(110,941)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These OPEB contributions made after the measurement date of the plan increased net position.		38,970
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.		(38,739)
Changes in the net OPEB liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is an increase in net position.		98,254
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		95,151
Repayment of lease principal is an expenditure in the funds but is not an expense in the SOA.		9,035
Changes in accrued interest on bonds from beginning of period to end of period.		(6)
The accretion of interest on capital appreciation bonds is not reported in the funds.		142,486
Deferred gain on refunding bonds is amortized in the SOA but not in the funds.		2,430
Premiums on bonds are amortized in the SOA but not in the funds.		40,822
Change in net position of governmental activities - Statement of Activities	$	492,415

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2026

Data Control Codes		Custodial Funds
	ASSETS:	
1110	Cash and Cash Equivalents	$ 155,304
1000	Total Assets	155,304
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	18,255
2000	Total Liabilities	18,255
	NET POSITION:	
3800	Restricted for Student Activities	137,049
3000	Total Net Position	$ 137,049

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2026

	Custodial Funds
ADDITIONS:	
Revenues from Student Activities	$ 364,232
Total Additions	364,232
DEDUCTIONS:	
Payments for Student Activities	366,572
Total Deductions	366,572
Change in Fiduciary Net Position	(2,340)
Net Position-Beginning of the Year	139,389
Net Position-End of the Year	$ 137,049

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

In addition, the District reports the following fund types:

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes**.** Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code**.** Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (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 fiscal year**.**

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

b. Inventories and Prepaid Items

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

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items are recorded at their acquisition value at the date of donation. Right to use lease assets are reported at present value of the future lease payments (lease liability), plus any ancillary cost to place the asset in service, plus any additional payments made at or beginning of the lease term, less any lease incentives received from the lessor prior to the commencement of the lease term. The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings & Improvements	5-30 years
Equipment	3-15 years
Right-to-Use Lease Equipment	4 years

d. Deferred Outflows and Inflows of Resources

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

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

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees, which is a Board resolution. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. Amounts reported as other committed fund balance represent funds committed for insurance deductibles in the event of future claims.

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

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

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the district implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements. There was no effect on beginning net position or fund balances due to the implementation of these standards.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement modifies existing requirements for the financial reporting model established in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

The primary objective of this Statement is to enhance the effectiveness of the financial reporting model by improving key components of the financial statements, including management's discussion and analysis (MD&A), the presentation of unusual or infrequent items, and budgetary comparison information. The Statement also clarifies and updates the classification of operating and nonoperating revenue and expenses in the proprietary funds to provide more consistent information for financial statement users.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement enhances existing capital asset disclosure requirements by requiring additional detail and improved presentation of certain types of capital assets. Specifically, lease assets recognized in accordance with GASB Statement No. 87, *Leases*; intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are required to be disclosed separately by major class of underlying asset in the capital asset note disclosures. Intangible assets not associated with these arrangements are also required to be disclosed separately by major class. In addition, this Statement establishes new disclosure requirements for capital assets held for sale.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, Certain Financial Statement Note Disclosures, violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
General Fund and Food Service Fund, expenditures exceeded final budgeted amounts.	The District will closely monitor budget versus actual expenditures and propose any necessary amendments to avoid future negative variances.

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2026, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $556,422 and the bank balance was $652,453. The District's cash deposits at August 31, 2026 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at August 31, 2026 are shown below.

Investment or Investment Type	Maturity		Fair Value
LOGIC - LGIP	Wtd Avg = 50 days	$	1,704,874
Lone Star - LGIP	Wtd Avg = 31 days		3,805,738
Total Investments		$	5,510,612

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2026, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

LOGIC LGIP	AAAm
Lone Star LGIP	AAAm

b. Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

The District reports its local government investment pools (Pools) at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, the Pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The Pools do not impose any liquidity fees or redemption gates.

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.

LOGIC

The Local Government Investment Cooperative (LOGIC) (the "Pool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants.

The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represents the Co-Administrators of the Pool. The portfolio assets are marked to market daily using the fair value method. Due to the fact that amortized cost, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value, portfolio assets are valued on the basis of the amortized cost valuation technique.

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 members and non-members. Lone Star is rated AAAm by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has three different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. The Government Overnight and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

D. Capital Assets

Capital asset activity for the year ended August 31, 2026, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated / amortized:				
Land	$ 736,181	$ -	$ -	$ 736,181
Total capital assets not being depreciated / amortized	736,181	-	-	736,181
Capital assets being depreciated / amortized:				
Buildings and improvements	27,512,390	18,429	-	27,530,819
Equipment	2,048,661	504,970	143,200	2,410,431
Lease assets - equipment	35,493	-	-	35,493
Total capital assets being depreciated / amortized	29,596,544	523,399	143,200	29,976,743
Less accumulated depreciation / amortization for:				
Buildings and improvements	(9,078,557)	(975,311)	-	(10,053,868)
Equipment	(1,291,005)	(164,852)	(143,200)	(1,312,657)
Lease assets - equipment	(21,443)	(8,873)	-	(30,316)
Total accumulated depreciation / amortization	(10,391,005)	(1,149,036)	(143,200)	(11,396,841)
Total capital assets being depreciated / amortized, net	19,205,539	(625,637)	-	18,579,902
Governmental activities capital assets, net	$ 19,941,720	$ (625,637)	$ -	$ 19,316,083

Depreciation / amortization was charged to functions as follows:

Instruction	$ 600,317
Instructional resources and media services	7,418
Curriculum and staff development	1,313
Instructional leadership	16,190
School leadership	76,115
Guidance, counseling, and evaluation services	26,747
Health services	11,892
Student transportation	65,186
Food service	32,617
Cocurricular/extracurricular activities	52,367
General administration	70,547
Facilities maintenance and operations	150,689
Security and monitoring services	2,606
Data processing services	35,032
	$ 1,149,036

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2026, consisted of the following:

Due To Fund	Due From Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 49,074
	Total	$ 49,074

The outstanding balances between funds result mainly from the time lag between the dates that reimbursable expenditures occur or deposits of revenue are received, the dates the transactions are recorded in the accounting system, and the date the interfund payments are actually settled. All interfund receivables and payables will be liquidated within the next fiscal year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2026, consisted of the following:

Transfers To	Transfers From	Amount	Reason
Nonmajor Governmental Fund	General Fund	$ 23,973	To supplement food service fund
	Total	$ 23,973	

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2026, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 15,300,895	$ -	$ 95,151	$ 15,205,744	$ 88,363
Accumulated Accretion	860,687	-	142,486	718,201	-
Lease Liability	14,390	-	9,035	5,355	5,355
Premium on Bonds	867,757	-	40,822	826,935	-
Net Pension Liability*	1,800,341	15,636	-	1,815,977	-
Net OPEB Liability*	1,419,059	-	373,333	1,045,726	-
Total governmental activities	$ 20,263,129	$ 15,636	$ 660,827	$ 19,617,938	$ 93,718

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2026, are as follows:

Year Ending August 31	Governmental Activities Bonds Principal	Interest	Total
2027	$ 88,363	700,539	$ 788,902
2028	82,381	704,321	786,702
2029	65,000	724,502	789,502
2030	70,000	717,102	787,102
2031	275,000	514,702	789,702
2032-2036	1,490,000	2,445,410	3,935,410
2037-2041	6,300,000	1,823,784	8,123,784
2042-2046	3,150,000	806,315	3,956,315
2047-2051	3,685,000	252,453	3,937,453
Totals	$ 15,205,744	$ 8,689,128	$ 23,894,872

The interest rate on the Unlimited Tax School Building Bonds Series 1999 ranges from 5.95% to 6.20% and matures on August 15, 2028.

The interest rate on the Unlimited Tax Qualified School Construction Bonds Series 2015 is 4.596% and matures on August 15, 2038.

The interest rate on the Unlimited Tax School Building Bonds Series 2021 ranges from 3% to 4% and matures on August 15, 2051.

The interest rate on the Unlimited Tax School Refunding Bond Series 2021 is 3% and matures on August 15, 2041.

The District has covenanted to make mandatory deposits into the Cumulative Sinking Fund Deposit Account held by the Paying Agent/Registrar for the Qualified School Construction Bonds, Series 2015. The Sinking Fund calls for annual payments of $170,000 for 2016-2020 and $175,000 for 2021-2038. The 2026 deposit was made by the District and is accounted for in Long-Term Investments and Other Restricted Fund Balance as required by the TEA Financial Accountability System Resource Guide (FASRG).

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of August 31, 2026.

G. Leases

The District is a lessee for noncancelable leases of equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease term, plus initial direct costs that are ancillary charges necessary to place the lease in service. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the lease. The District did not have any commitments under lease not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for fiscal year 2026.

The lease with Xerox matures on April 1, 2027 and is for copier equipment with an initial value of $35,493. The lease is payable in monthly installments of $770 at an interest rate of 2.00%.

Future lease payment maturity schedule is as follows:

Year Ending August 31	Principal	Interest	Total
2027	$ 5,355	$ 36	$ 5,391
Totals	$ 5,355	$ 36	$ 5,391

H. Risk Management

Property Casualty Program

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2026 the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Privacy & Information Security, Property, and School Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability, and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2026, the Fund anticipates Lipan ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2025 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Workers Compensation

During the year ended August 31, 2026, Lipan ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2025, the Fund carries a discounted reserve of $50,816,828 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2026, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2025, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation

During the year ended August 31, 2026, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund ("the Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the unemployment compensation pool. For the year ended August 31, 2026, the Fund anticipates that Lipan ISD will have no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2025, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402.

Contribution Rates

	2025	2026
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

District's 2026 Employer Contributions	$ 189,935
District's 2026 Member Contributions	$ 341,771
2025 NECE On-Behalf Contributions (State)	$ 227,244

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 2.0% of the member’s salary beginning in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as employment after retirement surcharge.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2025	5.23% *
Last year ending August 31 in Projection Period (100 years)	2124
Inflation	2.30%
Salary Increases including inflation	3.20% to 9.20%
Ad hoc post-employment benefit changes	None

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

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

6. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2026 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00%. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2025 are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
All Country	39.00%	4.14%	2.18%
USA	0.00%	3.85%	0.00%
Non-U.S. Developed	5.00%	4.60%	0.31%
Emerging Markets	1.00%	4.71%	0.07%
Private Equity	12.00%	6.80%	1.19%
Stable Value			
Government Bonds - Nominal	10.00%	2.59%	0.33%
Government Bonds - Real	6.00%	1.97%	0.13%
Absolute Return*	0.00%	3.91%	0.00%
Stable Value Hedge Funds	5.00%	1.68%	0.09%
Real Return			
Real Estate	15.00%	4.60%	0.86%
Energy, Natural Resources and Infrastructure	6.00%	4.86%	0.36%
Commodities	0.00%	2.96%	0.00%
Risk Parity	5.00%	4.38%	0.26%
Asset Allocation Leverage			
Cash	2.00%	0.51%	0.01%
Asset Allocation Leverage	-6.00%	0.81%	-0.05%
Inflation Expectation			2.30%
Volatility Drag ****			-0.71%
Expected Return	**100.00%**		**7.33%**

* Absolute Return includes Credit Sensitive Investments.
** Target allocations are based on the FY2025 policy model.
*** Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs.
**** The volatility drag results from the conversion betw een arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the net pension liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$ 2,926,697	$ 1,815,977	$ 891,554

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

At August 31, 2026, the District reported a liability of $1,815,977 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 1,815,977
State's proportionate share that is associated with District	2,445,708
Total	$ 4,261,685

The net pension liability was measured as of August 31, 2024, and rolled forward to August 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2024 through August 31, 2025.

At August 31, 2025, the employer's proportion of the collective net pension liability was 0.002885%, which was a decrease of 0.000062% from its proportion measured as of August 31, 2024.

9. Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The 2025 Texas Legislature passed HB2, which modified the future compensation structure for active employees covered by the System. As a result, a new salary increase assumption was adopted for determining the net pension liability as of the August 31, 2025 measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's net pension liability. There have been no changes to the benefit provisions since the prior valuation.

At August 31, 2026, the District recognized pension expense of $674,692 and revenue of $227,051 for support provided by the State.

At August 31, 2026, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 108,954	$ 6,363
Changes in Actuarial Assumptions	174,156	-
Difference Between Projected and Actual Investment Earnings	-	82,528
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	167,506	42,281
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	189,935	-
Total	$ 640,551	$ 131,172

The District recognized $189,935 as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended August 31	Pension Expense Amount
2027	$ 242,370
2028	58,109
2029	(20,438)
2030	22,712
2031	16,691
Thereafter	-

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS 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; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

3. Benefits Provided

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

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

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

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $381,400,000 as of August 31, 2025.

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

TRS-Care Monthly Premium Rates

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

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	2025	2026
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

District's 2026 Employer Contributions	$	38,970
District's 2026 Member Contributions	$	26,928
2025 NECE On-Behalf Contributions (State)	$	51,396

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to *(regardless of whether they participate in the TRS-Care OPEB program*). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of $535 per retiree.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the total OPEB liability to August 31, 2025.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2024 TRS pension actuarial valuation that was rolled forward August 31, 2025:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.20% to 9.20%, including inflation
Ad hoc post-employment benefit changes	None

6. Discount Rate

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

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

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2025, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (5.23%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (4.23%)	Discount Rate (5.23%)	1% Increase in Discount Rate (6.23%)
District's proportionate share of the net OPEB liability:	$ 1,228,096	$ 1,045,726	$ 895,441

8. Healthcare Trend Rate Sensitivity Analysis

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

	1% Decrease in the Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in the Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	$ 864,669	$ 1,045,726	$ 1,275,616

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

At August 31, 2026, the District reported a liability of $1,045,726 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 1,045,726
State's proportionate share that is associated with District	1,387,387
Total	$ 2,433,113

The net OPEB liability was measured as of August 31, 2024 and rolled forward to August 31, 2025; and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2024 through August 31, 2025.

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.004195%, which was a decrease of 0.000480% from its proportion measured as of August 31, 2024.

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

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

The amount of OPEB expense recognized by the District in the reporting period was ($181,077) and revenue of ($160,301) for support provided by the State.

At August 31, 2026, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 204,585	$ 622,790
Changes in Actuarial Assumptions	129,313	429,508
Difference Between Projected and Actual Investment Earnings	-	6,431
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	714,696	639,082
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	38,970	-
Total	$ 1,087,564	$ 1,697,811

The District recognized $38,970 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2027. The other amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended August 31	OPEB Expense Amount
2027	$ (105,607)
2028	(109,692)
2029	(142,390)
2030	(146,908)
2031	(103,674)
Thereafter	(40,946)

11. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2026, the subsidy payment received by TRS-Care on behalf of the District was $33,265.

K. Employee Health Care Coverage

During the year ended August 31, 2026, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $250 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Plan are available and have been filed with the Texas Department of Insurance, Austin, Texas, and are public records.

L. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2026.

M. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education with the following school districts:

Member Districts
Morgan Mill ISD
Huckabay ISD
Lipan ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Morgan Mill ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

N. Subsequent Events

The District evaluated subsequent events through October 20, 2026, the date the financial statements were available to be issued and nothing significant requiring disclosure was noted.

Required Supplementary Information

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

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
	REVENUES:					
5700	Local and Intermediate Sources	$ 2,574,333	$ 2,627,142	$ 52,809	$ 2,780,737	$ 153,595
5800	State Program Revenues	5,099,158	5,099,158	-	5,182,305	83,147
5900	Federal Program Revenues	-	-	-	232	232
5020	Total Revenues	7,673,491	7,726,300	52,809	7,963,274	236,974
	EXPENDITURES:					
	Current					
	Instruction and Instructional Related Services:					
0011	Instruction	4,177,278	3,825,000	(352,278)	3,795,369	(29,631)
0012	Instructional Resources and Media Services	48,225	48,225	-	50,769	2,544
0013	Curriculum and Staff Development	5,500	9,000	3,500	8,987	(13)
0021	Instructional Leadership	107,748	107,748	-	110,799	3,051
0023	School Leadership	490,546	490,546	-	520,908	30,362
0031	Guidance, Counseling and Evaluation Services	135,665	180,000	44,335	183,047	3,047
0033	Health Services	83,702	83,702	-	81,383	(2,319)
0034	Student Transportation	290,453	455,453	165,000	452,690	(2,763)
0036	Cocurricular/Extracurricular Activities	361,007	361,007	-	359,650	(1,357)
0041	General Administration	428,127	483,000	54,873	492,302	9,302
0051	Facilities Maintenance and Operations	945,095	997,904	52,809	1,036,909	39,005
0052	Security and Monitoring Services	15,000	18,000	3,000	17,837	(163)
0053	Data Processing Services	303,068	240,000	(63,068)	239,748	(252)
	Debt Service					
0071	Principal on Long-Term Debt	20,500	18,000	(2,500)	9,035	(8,965)
0072	Interest on Long-Term Debt	-	500	500	205	(295)
	Capital Outlay					
0081	Facilities Acquisition and Construction	46,577	-	(46,577)	-	-
	Intergovernmental					
0093	Payments to Shared Service Arrangements	115,000	239,500	124,500	239,281	(219)
0099	Other Intergovernmental Charges	100,000	75,500	(24,500)	75,189	(311)
6030	Total Expenditures	7,673,491	7,633,085	(40,406)	7,674,108	41,023
1100	Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	-	93,215	93,215	289,166	195,951
	OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	3,985	3,985
8911	Operating Transfers Out	-	(22,328)	(22,328)	(23,973)	(1,645)
7080	Total Other Financing Sources and (Uses)	-	(22,328)	(22,328)	(19,988)	2,340
1200	Net Change in Fund Balance	-	70,887	70,887	269,178	198,291
0100	Fund Balance - Beginning	3,616,469	3,616,469	-	3,616,469	-
3000	Fund Balance - Ending	$ 3,616,469	$ 3,687,356	$ 70,887	$ 3,885,647	$ 198,291

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

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

	Measurement Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.003%	0.003%	0.003%	0.003%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
District's proportionate share of the net pension liability	$ 1,815,977	$ 1,800,341	$ 1,783,153	$ 1,579,927	$ 599,195	$ 1,256,189	$ 1,011,245	$ 927,148	$ 566,104	$ 906,959
State's proportionate share of the net pension liability associated with the District	2,445,708	2,535,404	2,958,915	2,275,456	1,094,644	2,341,871	2,077,775	2,091,382	1,251,696	1,454,082
Total	$ 4,261,685	$ 4,335,745	$ 4,742,068	$ 3,855,383	$ 1,693,839	$ 3,598,060	$ 3,089,020	$ 3,018,530	$ 1,817,800	$ 2,361,041
District's covered payroll	$ 3,599,644	$ 3,850,393	$ 3,688,787	$ 3,172,301	$ 3,008,022	$ 2,855,497	$ 2,415,495	$ 2,219,024	$ 2,195,331	$ 2,329,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	50.45%	46.76%	48.34%	49.80%	19.92%	43.99%	41.86%	41.78%	25.79%	38.94%
Plan fiduciary net position as a percentage of the total pension liability	78.24%	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

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

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 189,935	$ 168,350	$ 155,858	$ 133,568	$ 121,402	$ 100,329	$ 93,883	$ 67,369	$ 56,627	$ 58,025
Contributions in relation to the contractually required contribution	(189,935)	(168,350)	(155,858)	(133,568)	(121,402)	(100,329)	(93,883)	(67,369)	(56,627)	(58,025)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,142,654	$ 3,599,644	$ 3,850,393	$ 3,688,787	$ 3,172,301	$ 3,008,022	$ 2,855,497	$ 2,415,495	$ 2,219,024	$ 2,195,331
Contributions as a percentage of covered payroll	4.58%	4.68%	4.05%	3.62%	3.83%	3.34%	3.29%	2.79%	2.55%	2.64%

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

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

	Measurement Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the collective net OPEB liability	0.004%	0.005%	0.004%	0.004%	0.004%	0.005%	0.004%	0.003%	0.003%	-
District's proportionate share of the collective net OPEB liability	$ 1,045,726	$ 1,419,059	$ 808,614	$ 979,810	$ 1,666,170	$ 1,895,500	$ 1,949,357	$ 1,614,840	$ 1,497,968	$ -
State proportionate share of the collective net OPEB liability associated with the District	1,387,387	1,778,062	975,717	1,195,214	2,232,296	2,547,097	2,590,261	1,966,633	1,785,948	-
Total	$ 2,433,113	$ 3,197,121	$ 1,784,331	$ 2,175,024	$ 3,898,466	$ 4,442,597	$ 4,539,618	$ 3,581,473	$ 3,283,916	$ -
District's covered payroll	$ 3,599,644	$ 3,850,393	$ 3,688,787	$ 3,172,301	$ 3,008,022	$ 2,855,497	$ 2,415,495	$ 2,219,024	$ 2,195,331	$ -
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.05%	36.85%	21.92%	30.89%	55.39%	66.38%	80.70%	72.77%	68.23%	-
Plan fiduciary net position as a percentage of the total OPEB liability	18.26%	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	-

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

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

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

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily or contractually required District contribution	$ 38,970	$ 38,739	$ 42,469	$ 32,172	$ 33,175	$ 33,759	$ 37,484	$ 29,047	$ 22,424	$ -
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(38,970)	(38,739)	(42,469)	(32,172)	(33,175)	(33,759)	(37,484)	(29,047)	(22,424)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,142,654	$ 3,599,644	$ 3,850,393	$ 3,688,787	$ 3,172,301	$ 3,008,022	$ 2,855,497	$ 2,415,495	$ 2,219,024	$ -
Contributions as a percentage of covered payroll	0.94%	1.08%	1.10%	0.87%	1.05%	1.12%	1.31%	1.20%	1.01%	-

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

LIPAN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2026

A. Budgetary Information

1. The official budget was prepared for adoption for all Governmental Fund Types legally required (General Fund, Food Service Fund, and Debt Service Fund). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

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

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

   c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

   Budget amendments at the fund and function levels require approval of a majority of the Board members. Amendments are approved before the related expenditures are incurred and before fiscal year-end and are documented in the Board's official minutes. Original budget amounts represent the budget as initially adopted, and final budget amounts include all Board-approved amendments.

   All budget appropriations lapse at August 31. Encumbrances represent commitments for goods or purchased services documented by purchase orders or contracts. Outstanding encumbrances at year-end must be canceled or provided for in the subsequent year's budget. There were no year-end outstanding encumbrances provided for in the subsequent year's budget.

2. Significant Budget Variances

   a. Original Budget to Final Budget Variances

   During the year, the District proposed, and the Board approved, several budget amendments. Significant changes between the original and final budget included the following:

   Revenues budgeted for Local and intermediate sources were increased to reflect anticipated property tax revenue beyond the conservative estimates used in the original budget.

   Expenditure appropriations were amended by function as follows:

   - Instruction: Decreased to reflect budgeted staff positions that remained unfilled.
   - Guidance, Counseling & Evaluation Services: Increased to fund an additional counselor.
   - Student Transportation: Increased to fund bus purchases.
   - General Administration: Increased to cover overlapping staffing costs not anticipated in the original budget.
   - Facilities Maintenance & Operations: Increased to fund floor replacements not included in the original budget.
   - Data Processing Services: Decreased to reflect the reallocation of certain budgeted expenditures to Instruction.
   - Facilities Acquisition & Construction: Decreased to reflect anticipated construction expenditures that were not incurred.
   - Payments to Shared Service Arrangements: Increased to cover higher-than-anticipated charges from the cooperative.

   b. Final Budget to Actual Variances

   Variances between the final budget and actual results were primarily attributable to higher-than-anticipated Local and Intermediate Sources for property tax collections, interest earnings and state program revenues. Total expenditures exceeded the final budget primarily due to higher-than-budgeted expenditures for Facilities Maintenance and Operations.

B. Defined Benefit Pension Plan and Defined Benefit OPEB Plan

1. Changes of benefit terms

   a. Any changes of benefit terms that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note I).

   b. Any changes of benefit terms that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note J).

2. Changes of assumptions

   a. Any changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note I).

   b. Any changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note J).

Other Supplementary Information

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

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2026

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2025	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2026	99 Total Taxes Refunded Under Sect. 26.1115(c)
2017 and Prior Years	$ Various	$ Various	$ Various	$ 18,356	$ -	$ -	$ -	$ (307)	$ 18,049	
2018	1.1700	.3200	171,423,221	3,721	-	84	23	-	3,614	
2019	1.1700	.3100	173,894,797	6,555	-	1,141	302	-	5,112	
2020	1.0684	.3000	187,358,344	6,112	-	136	38	-	5,938	
2021	.9630	.3000	245,037,791	9,425	-	1,340	418	-	7,667	
2022	.9603	.3350	240,612,170	20,704	-	6,524	2,276	-	11,904	
2023	.9402	.3350	289,574,184	23,364	-	6,179	2,201	-	14,984	
2024	.7514	.3300	334,310,121	38,097	-	7,926	3,481	(2,279)	24,411	
2025	.7496	.3070	364,299,609	101,845	-	35,199	14,466	(9,589)	42,591	
2026 (School Year Under Audit)	.7469	.3000	329,322,745	-	3,447,680	2,379,234	955,643	999	113,802	
1000 Totals				$ 228,179	$ 3,447,680	$ 2,437,763	$ 978,848	$ (11,176)	$ 248,072	

8000 - Total Taxes Refunded under Section 26.1115, Tax Code $ -

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

Column 20, the current year's levy is the ending levy due provided by Hood Central Appraisal District.

Column 3, Assessed/Appraised Value for School Tax Purposes is calculated based on current year total levy divided by current year total tax rate. This amount includes adjustments for frozen values.

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
	REVENUES:					
5700	Local and Intermediate Sources	$ 4,000	$ 4,000	$ -	$ 5,737	$ 1,737
5800	State Program Revenues	10,577	10,577	-	9,892	(685)
5900	Federal Program Revenues	180,400	180,400	-	183,619	3,219
5020	Total Revenues	194,977	194,977	-	199,248	4,271
	EXPENDITURES:					
	Current					
0035	Food Service	194,977	217,305	22,328	226,789	9,484
6030	Total Expenditures	194,977	217,305	22,328	226,789	9,484
1100	Excess (Deficiency) of Revenues Over					
1100	(Under) Expenditures	-	(22,328)	(22,328)	(27,541)	(5,213)
	OTHER FINANCING SOURCES (USES):					
7915	Operating Transfers In	-	22,328	22,328	23,973	1,645
7080	Total Other Financing Sources and (Uses)	-	22,328	22,328	23,973	1,645
1200	Net Change in Fund Balance	-	-	-	(3,568)	(3,568)
0100	Fund Balance - Beginning	8,576	8,576	-	8,576	-
3000	Fund Balance - Ending	$ 8,576	$ 8,576	$ -	$ 5,008	$ (3,568)

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
	REVENUES:					
5700	Local and Intermediate Sources	$ 767,191	$ 1,062,500	$ 295,309	$ 1,070,945	$ 8,445
5800	State Program Revenues	20,000	77,000	57,000	83,534	6,534
5900	Federal Program Revenues	173,361	173,361	-	173,361	-
5020	Total Revenues	960,552	1,312,861	352,309	1,327,840	14,979
	EXPENDITURES:					
	Debt Service					
0071	Principal on Long-Term Debt	960,552	270,150	(690,402)	95,151	(174,999)
0072	Interest on Long-Term Debt	-	690,402	690,402	690,402	-
6030	Total Expenditures	960,552	960,552	-	785,553	(174,999)
1100	Excess (Deficiency) of Revenues Over					
1100	(Under) Expenditures	-	352,309	352,309	542,287	189,978
1200	Net Change in Fund Balance	-	352,309	352,309	542,287	189,978
0100	Fund Balance - Beginning	3,071,917	3,071,917	-	3,071,917	-
3000	Fund Balance - Ending	$ 3,071,917	$ 3,424,226	$ 352,309	$ 3,614,204	$ 189,978

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		Responses
	Bilingual Education Programs	
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education allotment program?	Yes
AP7	Total state allotment funds received for bilingual education allotment programs during the district's fiscal year.	$10,291
AP8	Actual direct program expenditures for bilingual education allotment programs during the district's fiscal year. (PIC 25)	$73,567

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Lipan Independent School District
211 N. Kickapoo
Lipan, Texas 76462

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lipan Independent School District, as of and for the year ended August 31, 2026, and the related notes to the financial statements, which collectively comprise Lipan Independent School District's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lipan Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lipan Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lipan Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of Lipan Independent School District in a separate letter dated October 20, 2026.

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

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.



Snow Garrett Williams
October 20, 2026

LIPAN INDEPENDENT SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED AUGUST 31, 2026

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds and/or substantial doubt about the school district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion of interest and premiums on CABs included in government-wide financial statements at fiscal year-end	$718,201