

**BRAZOSPORT
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2023**



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Annual Financial Report
For the Year Ended August 31, 2023*

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Brazosport Independent School District
Name of School District

Brazoria
County

020-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 11th day of December 2023.



Mason Howard
President, Board of Trustees



Jerry Adkins
Secretary, Board of Trustees

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are) (attach list if necessary):

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
Brazosport Independent School District
Clute, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brazosport Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cashflows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, required pension schedules and required OPEB schedules on pages 15 through 25 and 85 through 93 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 the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, required Texas Education Agency schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, required Texas Education Agency schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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 December 1, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
December 1, 2023

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis For the Year Ended August 31, 2023

As management of the Brazosport Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$ 151,999,032 (*net position*). Of this amount, unrestricted net position is a deficit of \$ 23,337,639.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 192,015,220. Approximately 28.11% of this total amount, \$ 53,968,734, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 53,968,734, or 42.61% of the total general fund expenditures.
- The District reported net pension liability of \$ 50,790,281 and a net OPEB liability of \$ 26,523,905, at August 31, 2023, with the implementation of GASB Statements 68, 71, and 75. With the addition of these non-current liabilities on an accrual basis, the District reported a deficit unrestricted net position in the amount of \$ 23,337,639.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these 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* for which it is financially accountable. The government-wide financial statements can be found on pages 27 through 28 of this report.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Year Ended August 31, 2023*

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government 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 government 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*. The District maintains thirty (30) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty-seven (27) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, national school breakfast and lunch program food service special revenue fund, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 29 through 32 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. As mentioned above in the government-wide definition, the District has no *business-type activities* or *enterprise funds*. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its self-funded dental and workers' compensation insurance programs. The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

- **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 a statement of changes in fiduciary net position that can be found on pages 36 through 37. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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 can be found on pages 40 through 81 of 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. Required supplementary information can be found on pages 85 through 93 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 96 through 106 of 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 of resources exceeded liabilities and deferred inflows of resources by \$ 151,999,032 as of August 31, 2023. Net position of the District's governmental activities increased by \$ 23,335,871, from \$ 128,663,161 to \$ 151,999,032.

The District's Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 213,008,090	\$ 242,017,337
Capital assets	<u>433,558,390</u>	<u>414,813,606</u>
Total assets	<u>646,566,480</u>	<u>656,830,943</u>
Total deferred outflows of resources	<u>32,786,158</u>	<u>23,568,429</u>
Liabilities:		
Other liabilities	18,079,175	14,552,586
Long-term liabilities outstanding	<u>459,806,635</u>	<u>479,430,104</u>
Total liabilities	<u>477,885,810</u>	<u>493,982,690</u>
Total deferred inflows of resources	<u>49,467,796</u>	<u>57,753,521</u>
Net Position:		
Net investment in capital assets	155,945,252	138,444,633
Restricted	19,391,419	15,929,927
Unrestricted	<u>(23,337,639)</u>	<u>(25,711,399)</u>
Total net position	<u>\$ 151,999,032</u>	<u>\$ 128,663,161</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Investment in capital assets (e.g., land, buildings and improvements, furniture, equipment and vehicles, subscription based IT assets and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$ 155,945,252. 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, \$ 19,391,419 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$ 23,337,639, which represents unrestricted net position. The deficit is not an indication that the District does not have significant resources available to meet financial obligations next year, but rather the result of having long-term commitments, specifically the net pension liability and net OPEB liability that are less than currently available resources.

Governmental activities. The District's total net position increased \$ 23,335,871. The total cost of all *governmental activities* this year was \$ 188,831,177. The amount that our taxpayers paid for these activities through property taxes was \$ 131,134,898 or 69.45%.

Changes in the District's Net Position

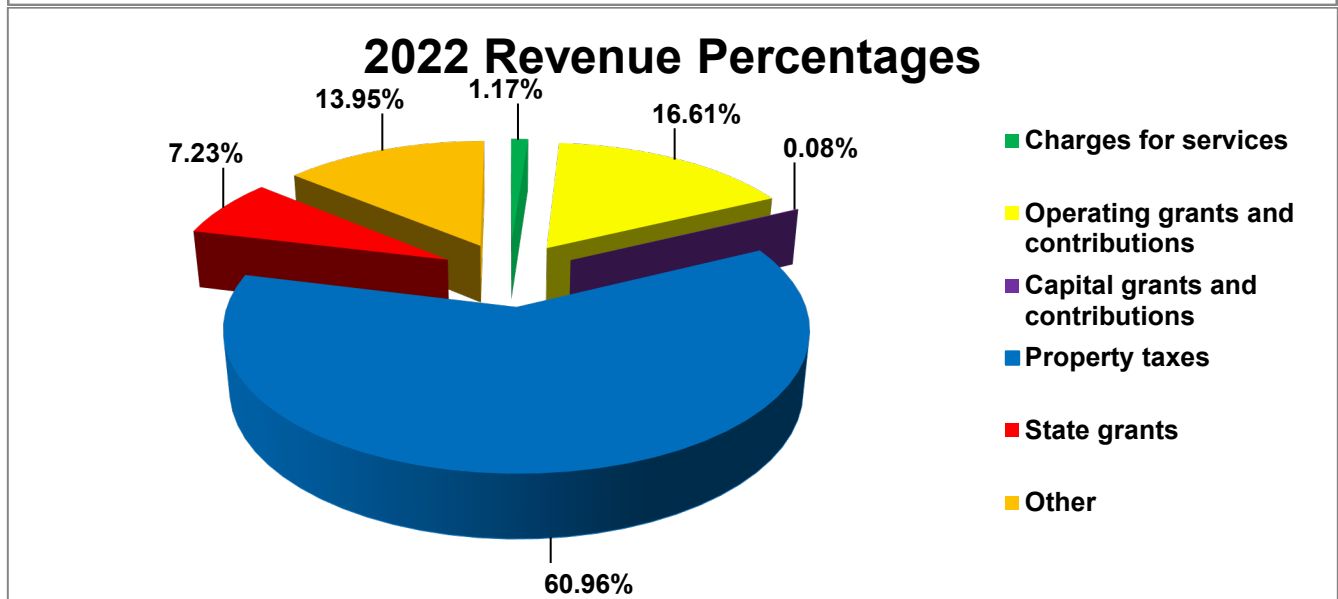
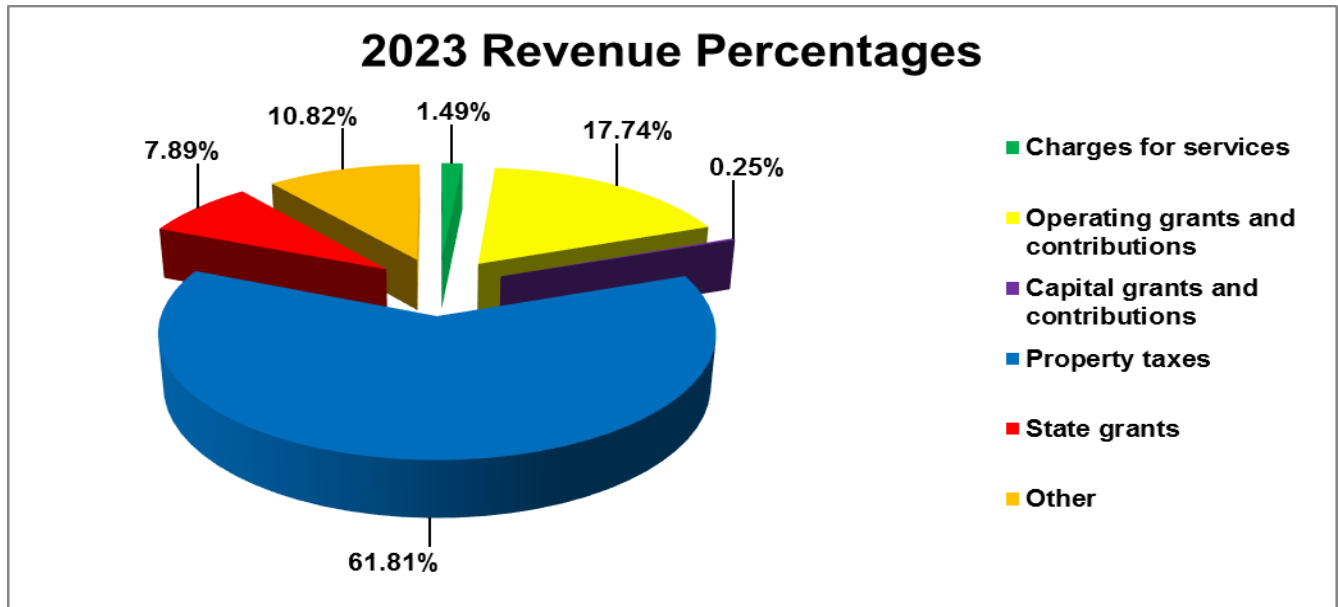
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 3,171,599	\$ 2,461,601
Operating grants and contributions	37,635,813	34,829,657
Capital grants and contributions	520,632	168,574
General Revenues:		
Property taxes	131,134,898	127,865,762
State grants	16,739,194	15,155,038
Other	<u>22,964,912</u>	<u>29,259,674</u>
Total revenues	<u>212,167,048</u>	<u>209,740,306</u>
Expenses:		
Instruction	93,517,536	88,204,765
Instructional resources and media services	2,771,991	2,230,447
Curriculum and instructional staff development	5,291,306	4,688,489
Instructional leadership	3,551,852	3,123,223
School leadership	9,404,746	8,868,916
Guidance, counseling and evaluation services	7,863,666	7,092,499
Social work services	547,166	396,730
Health services	1,821,688	1,713,089
Student transportation	5,358,016	4,029,758
Food service	10,095,964	8,265,311
Extracurricular activities	8,652,447	7,007,217
General administration	3,608,086	3,275,780
Facilities maintenance and operations	16,667,848	15,978,603
Security and monitoring services	2,352,832	2,053,839
Data processing services	2,452,808	2,290,390
Community services	74,066	73,584
Debt service - interest and fees	10,887,656	12,193,214

(continued)

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Year Ended August 31, 2023*

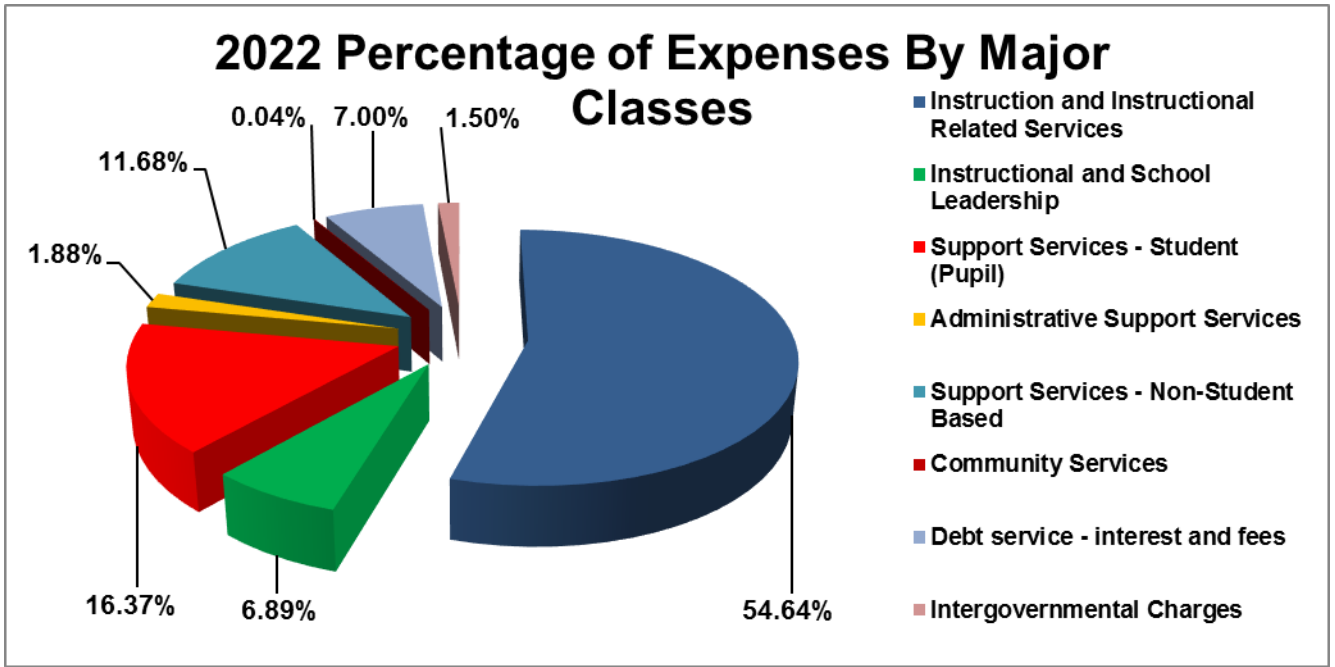
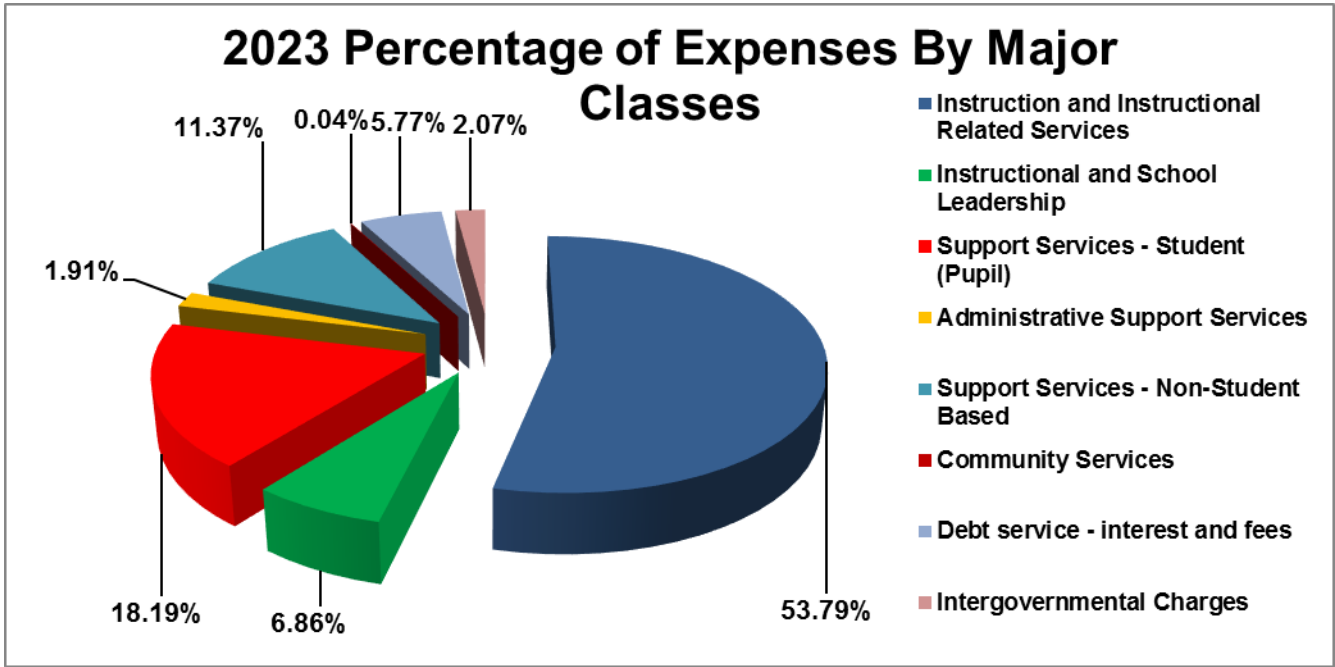
	<u>2023</u>	<u>2022</u>
Contracted instructional services between public schools	\$ 2,499,683	\$ 1,069,367
Payments related to shared services arrangements	57,560	45,200
Payments to juvenile justice alternative education programs	-	83,500
Other governmental charges	<u>1,354,260</u>	<u>1,419,166</u>
 Total expenses	 <u>188,831,177</u>	 <u>174,103,087</u>
 Change in net position	 23,335,871	 35,637,219
 Net position - beginning	 <u>128,663,161</u>	 <u>93,025,942</u>
 Net position - ending	 <u>\$ 151,999,032</u>	 <u>\$ 128,663,161</u>



BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023



BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended August 31, 2023

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.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 192,015,220, a decrease of \$ 32,898,233. Approximately 28.11% of this total amount, \$ 53,968,734, constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable, restricted, committed* or *assigned* to indicate that it is not available for new spending because it has already been classified 1) for inventories \$ 378,281, 2) for prepaid items \$ 1,656,236, 3) for grant funds \$ 2,215,164, 4) for capital acquisitions and contractual obligations \$ 100,492,315, 5) for debt service \$ 10,204,837, 6) other restricted \$ 7,299,653, 7) claims and judgments \$ 250,000, 8) capital expenditures for equipment \$ 5,550,000, and 9) other assigned \$ 10,000,000.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 53,968,734, while the total fund balance was \$ 73,269,710. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 42.61% of the total general fund expenditures, while total fund balance represents 57.84% of that same amount.

The fund balance of the District's general fund decreased \$ 1,564,820 during the current fiscal year. Key factors related to this change are as follows:

- Adopted budget projected a deficit of \$ 10.47 million.
- Weighted Average Daily Attendance projections higher than anticipated resulting in \$ 3 million less recapture paid.
- Utilized \$ 887 thousand of Federal ESSER II Funds to continue to meet the needs of District by funding secondary Counselors.
- Function 11 Budget to Actual Variance of \$ 1.2 million, savings from unused budgeted contingency funds and various partially filled and unfilled positions.
- \$ 1.9 million unused budgeted contingency funds in other functional categories.
- \$ 650 thousand unused campus & department allocations.
- The reserve for debt service in the amount of \$515 thousand is budgeted as an expenditure.
- Other functional expenditures were less than amounts originally budgeted.

The debt service fund has a total fund balance of \$ 8,659,837, all of which is restricted for the payment of debt service. The increase in fund balance during the period in the debt service fund was \$ 485,373. Following are factors contributing to this change:

- Adopted budget projected a \$ 46,924 surplus.
- Authorized a cash defeasance of \$ 5.7 million based on tax collections; tax collections stronger than anticipated.

The capital projects fund has a total fund balance of \$ 100,492,315, all of which is restricted for the acquisition of capital contractual obligations. The decrease in fund balance during the period in the capital projects fund was \$ 34,209,476. Following are factors contributing to this change:

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Year Ended August 31, 2023*

- Planned expenditures associated with the 2014 and 2019 bond programs

Proprietary funds. As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at August 31, 2023 amounted to \$ 2,514,617. The total increase in net position was \$ 297,522.

General Fund Budgetary Highlights

The District made the following amendments to budgeted revenue.

- \$ 6.175 million increase to state funding, related to tax credits reimbursed by the state.
- \$ 500,000 increase to budgeted revenue related to TRS on-behalf payments; equivalent increase to appropriations.

Following is a summary of amendments made to appropriations:

- \$ 53,464 increase for prior year encumbrances .
- \$ 500,000 increase to appropriations related to TRS on-behalf payments; equivalent increase to revenue.
- \$ 6.175 million transfer out to the debt services fund; related to tax credit reimbursed by the state.

Capital assets. The District's investments in capital assets for its governmental activities as of August 31, 2023 amounts to \$ 433,558,390 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, equipment and vehicles, subscription based IT assets, and construction in progress.

**District's Capital Assets
(net of depreciation)**

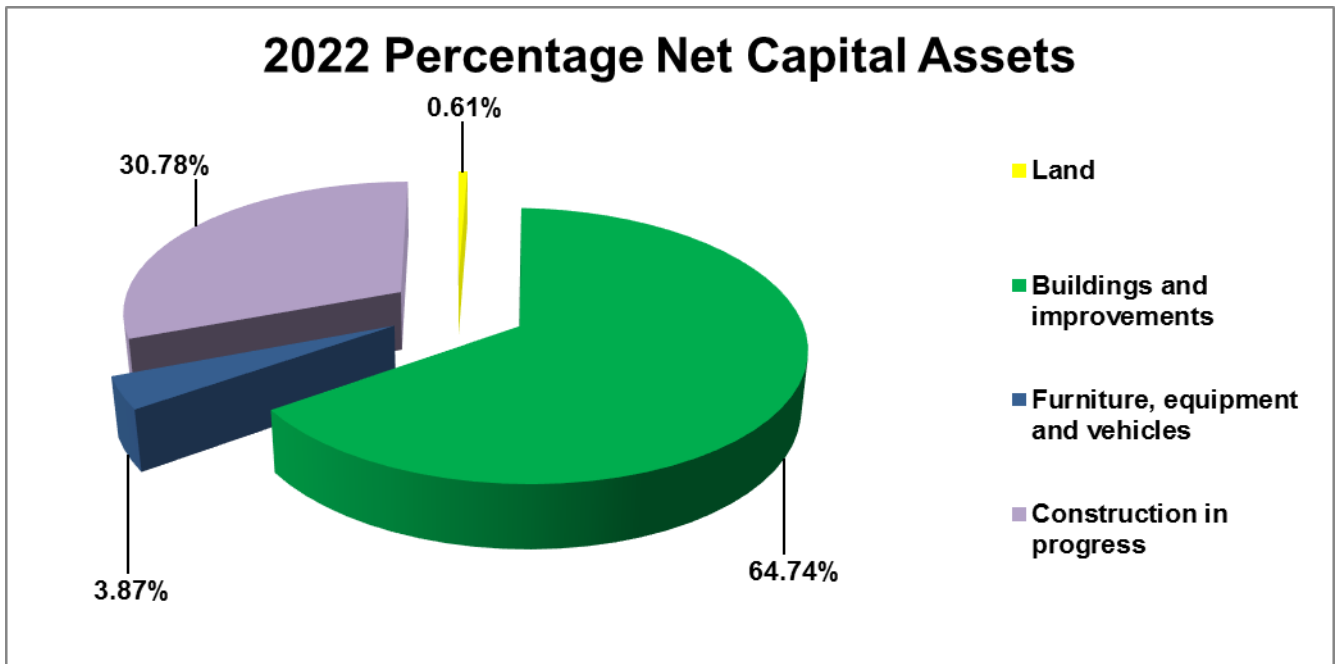
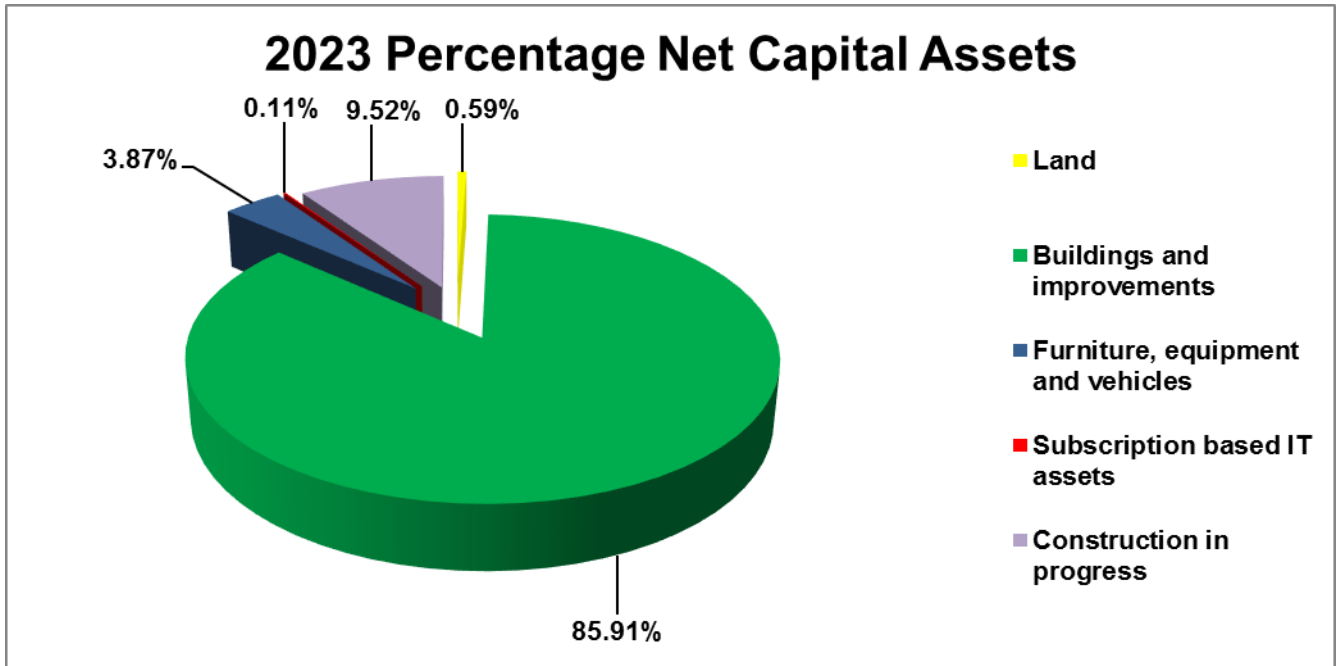
	<u>2023</u>	<u>2022</u>
Land	\$ 2,546,923	\$ 2,546,923
Buildings and improvements	372,481,795	268,527,444
Furniture, equipment and vehicles	16,773,669	16,059,421
Subscription based IT assets	485,368	-
Construction in progress	<u>41,270,635</u>	<u>127,679,818</u>
Total at historical cost	<u>\$ 433,558,390</u>	<u>\$ 414,813,606</u>

Additional information on the District's capital assets can be found in Note 5 on pages 60 through 61 of this report.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023



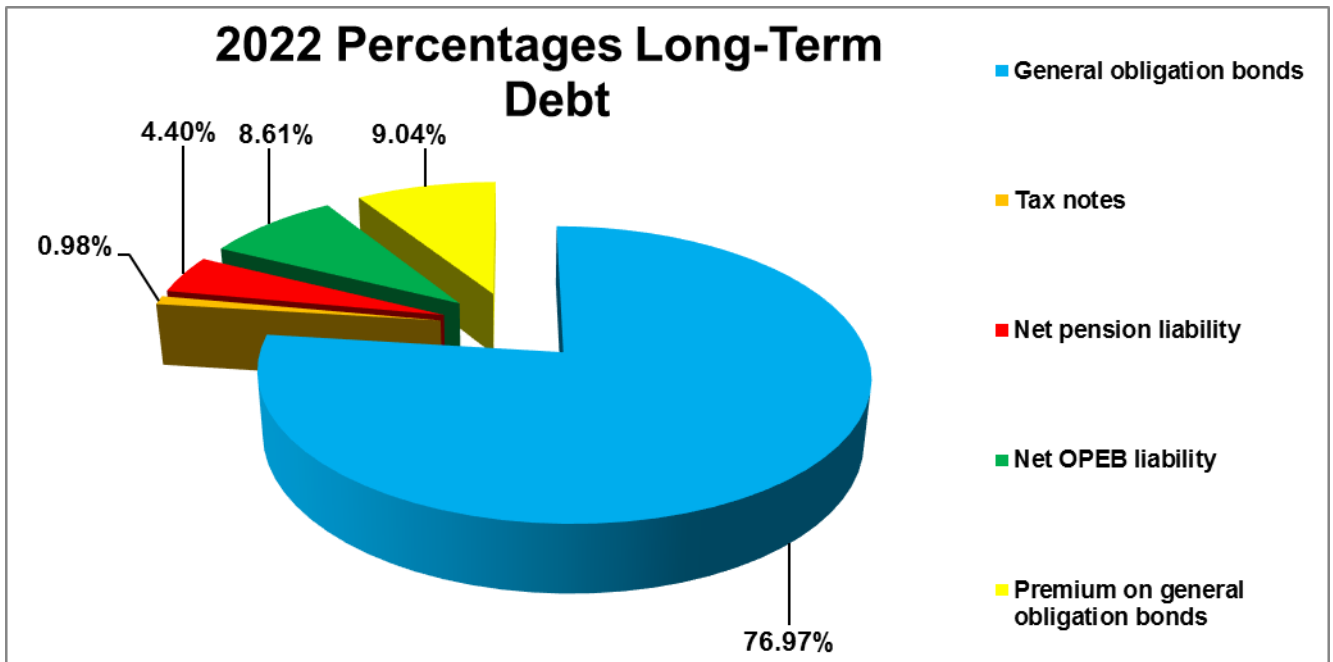
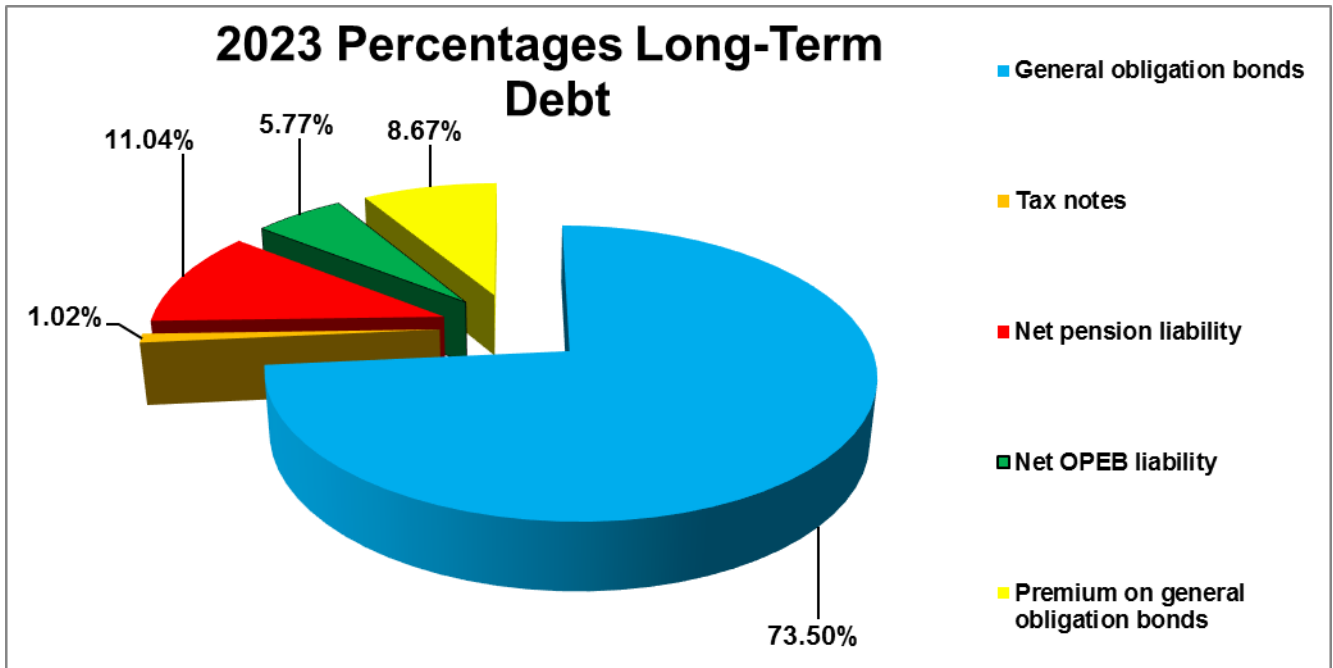
Long-term debt. At August 31, 2023, the District had total long-term debt outstanding of \$ 459,806,635. Long-term debt is made of general obligation bonds of \$ 337,945,000, tax notes of \$ 4,695,000, net pension liability of \$ 50,790,281, net OPEB liability of \$ 26,523,905, premium on general obligation bonds of \$ 39,852,449.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended August 31, 2023

District's Long-Term Debt:

	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 337,945,000	\$ 369,005,000
Tax notes	4,695,000	4,695,000
Net pension liability	50,790,281	21,123,255
Net OPEB liability	26,523,905	41,268,509
Premium on general obligation bonds	<u>39,852,449</u>	<u>43,338,340</u>
 Total long-term debt	 <u>\$ 459,806,635</u>	 <u>\$ 479,430,104</u>



BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Moody's Aaa rating on the District's bonded indebtedness is provided by a guarantee of the Texas Permanent School Fund for timely payment of principal and interest in the event the District is unable to meet debt service requirements. Moody's Aaa underlying rating is representative of the District's sizable but highly concentrated tax base, low debt levels, and modest financial reserves.

Additional information on the District's long-term debt can be found in Note 6 on pages 61 through 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The District has prepared the 2023-24 budgets with a preliminary tax rate of \$ 0.7380 per \$ 100 property valuation, a 17.97 cent reduction from 2022-23. The General Fund (M&O) rate is \$ 0.7380 and Debt Service (I&S) rate is \$ 0.2153. The District is estimating 2023 M&O values to increase by 6.24% and the I&S taxable values to increase by 0.98% from 2022 values. With the increase in the M&O rate and values, we are budgeting approximately \$ 16.56 million less in property tax revenue to the General Fund when compared to the adopted 2022-2023 budget. Maintaining the same I&S rate and with a 1% decrease to the budgeted collection rate, an estimate of approximately \$ 383.8 thousand less in tax collections to the Debt Service Fund.
- Weighted Average Daily Attendance (WADA) for 2023-24 is projected at 14,776, which is an increase from 14,335 from 2022-23 budgeted WADA. The increase correlates with an increase in students in average daily attendance and other weighted funding groups. State funding will increase by \$ 14.7 million, which is a result of legislation passed during the 88th Session that restores state funding for public education. While the District received notification from the TEA that it will collect local revenue in excess of entitlement, that notification was projected based on the State's estimate of property value growth prior to the calculation of the compressed tax rate. Based on current estimates, the 2023-24 budget does not include recapture.
- Payroll appropriations make up 85.60% of total general fund spending and have been decreased by \$1.5 million dollars. The District is committed to recruiting and retaining highly effective staff. With the anticipation of Special 88th Legislative Sessions to take up school finance, the proposed budget does not include compensation increases. Not included in the proposed General Fund budget, but approved and through Federal ESSER funds, all employees returning to the District for 23-24 school year will receive a 2.50% of base pay retentions stipend.
- The general fund proposed budget includes net reductions of approximately \$ 3.75 million as follows:
 - Expenditure Reductions:
 - \$ 400,000 Budgeted Functional Contingencies; \$ 502,452 Consolidate Ney Pre K with other Lake Jackson Elementary Schools; \$ 501,000 Consolidate Velasco and Lanier Campuses; \$ 684,650 Administrative/Central Office Personnel; \$ 1,335,000 Campus Staffing Reductions; \$ 410,000 Supplemental/Overtime Pay; \$ 67,125 Campus Discretionary Spending; \$ 454,776 Curriculum Resources Moved to the Instructional Materials Allotment; \$ 455,726 Department Discretionary Spending
 - Additional Expenditures Appropriated:
 - \$ 642,500 Special Education Teachers & Supports; \$ 225,000 Elementary Campus Principals; \$ 73,500 Special Education Day School; \$ 119,955 Departmental Fixed Costs

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 the Office of the Chief Finance and Governmental Affairs Officer, Brazosport Independent School District, P.O. Drawer Z, Freeport, Texas, 77542.

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

Statement of Net Position

August 31, 2023

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 193,438,339
1120	Current investments	5,795,761
1220	Property taxes receivable	1,815,202
1230	Allowance for uncollectible taxes	(732,468)
1240	Due from other governments	10,588,206
1290	Other receivables (net)	68,533
1300	Inventories	378,281
1410	Prepaid items	1,656,236
	Capital Assets:	
1510	Land	2,546,923
1520	Building and improvements (net)	372,481,795
1530	Furniture, equipment and vehicles (net)	16,773,669
1553	Subscription based IT assets, (net)	485,368
1580	Construction in progress	<u>41,270,635</u>
1000	Total assets	<u>646,566,482</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred outflows of resources	<u>32,786,158</u>
	Total deferred outflows of resources	<u>32,786,158</u>
	LIABILITIES	
2110	Accounts payable	7,358,754
2140	Accrued interest payable	594,029
2150	Payroll deductions and withholdings	1,157,696
2160	Accrued wages payable	7,970,109
2165	Accrued liabilities	161,631
2300	Unearned revenue	836,956
	Noncurrent Liabilities:	
2501	Due within one year	26,784,817
	Due in more than one year:	
2502	Bonds payable and other	355,707,632
2540	Net pension liability	50,790,281
2545	Net OPEB liability	<u>26,523,905</u>
2000	Total liabilities	<u>477,885,810</u>
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred inflows of resources	<u>49,467,796</u>
	Total deferred inflows of resources	<u>49,467,796</u>
	NET POSITION	
3200	Net investment in capital assets	155,945,252
	Restricted For:	
3820	Federal and state programs	2,291,507
3850	Debt service	9,798,061
3870	Campus activities	1,289,438
3890	Other	6,012,413
3900	Unrestricted	<u>(23,337,639)</u>
3000	Total net position	<u>\$ 151,999,032</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

Statement of Activities

For the Year Ended August 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 93,517,536	\$ 204,685	\$ 16,647,427	\$ -	\$(76,665,424)
12	Instructional resources and media services	2,771,991	4,868	411,608	-	(2,355,515)
13	Curriculum and instructional staff development	5,291,306	8,310	4,066,080	-	(1,216,916)
21	Instructional leadership	3,551,852	5,667	784,269	-	(2,761,916)
23	School leadership	9,404,746	22,183	821,537	-	(8,561,026)
31	Guidance, counseling, and evaluation services	7,863,666	16,341	3,036,470	-	(4,810,855)
32	Social work services	547,166	1,182	380,631	-	(165,353)
33	Health services	1,821,688	4,520	312,628	8,579	(1,495,961)
34	Student transportation	5,358,016	9,735	237,622	-	(5,110,659)
35	Food service	10,095,964	1,257,698	8,291,733	-	(546,533)
36	Extracurricular activities	8,652,447	1,591,836	209,901	-	(6,850,710)
41	General administration	3,608,086	4,242	723,352	-	(2,880,492)
51	Facilities maintenance and operations	16,667,848	27,294	722,298	-	(15,918,256)
52	Security and monitoring services	2,352,832	7,058	505,535	512,053	(1,328,186)
53	Data processing services	2,452,808	5,806	198,170	-	(2,248,832)
61	Community services	74,066	174	62,717	-	(11,175)
71	Debt service - interest and fees	10,887,656	-	223,835	-	(10,663,821)
91	Contracted instructional services between public schools	2,499,683	-	-	-	(2,499,683)
93	Payments related to shared service arrangements	57,560	-	-	-	(57,560)
99	Other intergovernmental charges	1,354,260	-	-	-	(1,354,260)
TG	Total governmental activities	<u>\$ 188,831,177</u>	<u>\$ 3,171,599</u>	<u>\$ 37,635,813</u>	<u>\$ 520,632</u>	<u>\$(147,503,133)</u>
General revenues:						
Taxes:						
MT	Property taxes, levied for general purposes					\$ 92,634,633
DT	Property taxes, levied for debt service					38,500,265
SF	State aid-formula grants					16,739,194
GC	Grants and contributions not restricted to specific programs					2,240,198
IE	Investment earnings					10,659,049
MI	Miscellaneous					10,065,665
TR	Total general revenues					<u>170,839,004</u>
CN	Change in net position					23,335,871
NB	Net position - beginning					<u>128,663,161</u>
NE	Net position - ending					<u>\$ 151,999,032</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

Balance Sheet - Governmental Funds

August 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:						
1110	Cash and cash equivalents	\$ 63,410,973	\$ 8,675,731	\$ 105,995,270	\$ 14,850,229	\$ 192,932,203
1120	Current investments	2,028,380	-	-	1,593,346	3,621,726
1220	Taxes receivable	1,485,461	329,741	-	-	1,815,202
1230	Allowance for uncollectible taxes (credit)	(606,400)	(126,068)	-	-	(732,468)
1240	Receivables from other governments	2,984,363	-	395,140	7,208,703	10,588,206
1260	Due from other funds	11,990,354	6,257	12,604	19,835	12,029,050
1290	Other receivables	25,524	-	3,010	39,999	68,533
1300	Inventories	301,938	-	-	76,343	378,281
1410	Prepaid items	1,654,038	-	-	2,198	1,656,236
1000	Total assets	<u>\$ 83,274,631</u>	<u>\$ 8,885,661</u>	<u>\$ 106,406,024</u>	<u>\$ 23,790,653</u>	<u>\$ 222,356,969</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:						
Liabilities:						
2110	Accounts payable	\$ 869,358	\$ -	\$ 5,901,841	\$ 587,555	\$ 7,358,754
2150	Payroll deductions and withholdings	1,157,696	-	-	-	1,157,696
2160	Accrued wages payable	7,137,402	-	11,868	816,916	7,966,186
2170	Due to other funds	18,861	-	-	12,010,189	12,029,050
2180	Payable to other governments	-	-	-	-	-
2300	Unearned revenue	15,750	38,571	-	782,635	836,956
2000	Total liabilities	<u>9,199,067</u>	<u>38,571</u>	<u>5,913,709</u>	<u>14,197,295</u>	<u>29,348,642</u>
2600	Deferred inflows of resources	<u>805,854</u>	<u>187,253</u>	<u>-</u>	<u>-</u>	<u>993,107</u>
	Total deferred inflows of resources	<u>805,854</u>	<u>187,253</u>	<u>-</u>	<u>-</u>	<u>993,107</u>
Fund Balance:						
Nonspendable:						
3410	Inventories	301,938	-	-	76,343	378,281
3430	Prepaid items	1,654,038	-	-	2,198	1,656,236
Restricted:						
3450	Grant funds	-	-	-	2,215,164	2,215,164
3470	Capital acquisitions and contractual obligations	-	-	100,492,315	-	100,492,315
3480	Debt service	1,545,000	8,659,837	-	-	10,204,837
3490	Other	-	-	-	7,299,653	7,299,653
Committed:						
3520	Claims and judgments	250,000	-	-	-	250,000
3530	Capital expenditures for equipment	5,550,000	-	-	-	5,550,000
Assigned:						
3590	Other	10,000,000	-	-	-	10,000,000
Unassigned:						
3600	Unassigned fund balance	<u>53,968,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,968,734</u>
3000	Total fund balance	<u>73,269,710</u>	<u>8,659,837</u>	<u>100,492,315</u>	<u>9,593,358</u>	<u>192,015,220</u>
4000	Total liabilities, deferred inflows of resources and fund balance	<u>\$ 83,274,631</u>	<u>\$ 8,885,661</u>	<u>\$ 106,406,024</u>	<u>\$ 23,790,653</u>	<u>\$ 222,356,969</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

*Reconciliation of the Governmental Funds Balance Sheet
to the Governmental Activities Statement of Net Position
August 31, 2023*

Total fund balances - governmental funds balance sheet (C-1) \$ 192,015,220

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets net of accumulated depreciation/amortization unused in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 557,800,763 and the accumulated depreciation/amortization is \$ 124,242,373 resulting in a net addition to net position. 433,558,390

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 993,107

Internal service funds are used by management to charge the costs of dental insurance and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 2,514,617

The government-wide statement includes the District's proportionate share of TRS net pension liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net pension liability	\$(50,790,281)	
Deferred outflows of resources - TRS pension	22,373,941	
Deferred inflows of resources - TRS pension	<u>(5,403,100)</u>	(33,819,440)

The government-wide statement includes the District's proportionate share of TRS net OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net OPEB liability	\$(26,523,905)	
Deferred outflows of resources - OPEB	10,348,304	
Deferred inflows of resources - TRS OPEB	<u>(44,064,696)</u>	(60,240,297)

Deferred outflows of resources related to deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. 63,913

Some liabilities, including bonds payable, capital lease payable, premium on bonds and accrued interest payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

General obligation bonds	\$(337,945,000)	
Tax notes	(4,695,000)	
Premium on bonds	(39,852,449)	
Accrued interest payable	<u>(594,029)</u>	<u>(383,086,478)</u>

Net position of governmental activities - statement of net position (A-1) \$ 151,999,032

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds
For the Year Ended August 31, 2023*

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:					
5700	Local and intermediate sources	\$105,802,591	\$ 39,107,516	\$ 6,888,074	\$ 5,036,472	\$156,834,653
5800	State program revenues	22,403,807	403,788	-	1,224,320	24,031,915
5900	Federal program revenues	<u>3,012,449</u>	-	-	<u>27,802,176</u>	<u>30,814,625</u>
5020	Total revenues	<u>131,218,847</u>	<u>39,511,304</u>	<u>6,888,074</u>	<u>34,062,968</u>	<u>211,681,193</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	71,008,111	-	12,231	12,176,609	83,196,951
0012	Instructional resources and media services	1,389,870	-	252,269	326,911	1,969,050
0013	Curriculum and instructional staff development	2,011,692	-	-	3,254,048	5,265,740
0021	Instructional leadership	2,949,130	-	14,168	522,395	3,485,693
0023	School leadership	8,343,915	-	-	348,288	8,692,203
0031	Guidance, counseling, and evaluation services	5,107,020	-	-	2,712,204	7,819,224
0032	Social work services	180,917	-	-	370,158	551,075
0033	Health services	1,543,327	-	-	232,572	1,775,899
0034	Student transportation	2,706,926	-	1,621,110	97,464	4,425,500
0035	Food service	-	-	176,597	8,580,929	8,757,526
0036	Extracurricular activities	4,362,503	-	107,691	1,314,378	5,784,572
0041	General administration	3,247,506	-	-	286,445	3,533,951
0051	Facilities maintenance and operations	15,169,067	-	310,757	376,816	15,856,640
0052	Security and monitoring services	2,128,697	-	1,256,704	906,964	4,292,365
0053	Data processing services	2,358,901	-	1,111,150	84,202	3,554,253
0061	Community services	11,275	-	-	62,717	73,992
	Debt Service:					
0071	Debt service - principal	-	31,060,000	-	-	31,060,000
0072	Debt service - Interest and fees	235,771	14,104,865	-	-	14,340,636
0073	Bond issuance costs and fees	-	36,805	-	-	36,805
	Capital Outlay:					
0081	Facilities acquisition and construction	-	-	36,234,873	-	36,234,873
	Intergovernmental:					
0091	Contracted instructional services between public schools	2,499,683	-	-	-	2,499,683
0093	Payments related to shared services arrangements	57,560	-	-	-	57,560
0099	Other intergovernmental charges	<u>1,354,260</u>	-	-	-	<u>1,354,260</u>
6030	Total expenditures	<u>126,666,131</u>	<u>45,201,670</u>	<u>41,097,550</u>	<u>31,653,100</u>	<u>244,618,451</u>
1100	Excess (deficiency) of revenues over expenditures	<u>4,552,716</u>	<u>(5,690,366)</u>	<u>(34,209,476)</u>	<u>2,409,868</u>	<u>(32,937,258)</u>
	OTHER FINANCING SOURCES (USES):					
7912	Sale of real and personal property	21,042	-	-	17,983	39,025
7915	Transfers in	60,000	6,175,739	-	55,170	6,290,909
8911	Transfers out	<u>(6,198,578)</u>	-	-	<u>(92,331)</u>	<u>(6,290,909)</u>
	Total other financing sources (uses)	<u>(6,117,536)</u>	<u>6,175,739</u>	<u>-</u>	<u>(19,178)</u>	<u>39,025</u>
1200	Net change in fund balance	<u>(1,564,820)</u>	<u>485,373</u>	<u>(34,209,476)</u>	<u>2,390,690</u>	<u>(32,898,233)</u>
0100	Fund balance - beginning	<u>74,834,530</u>	<u>8,174,464</u>	<u>134,701,791</u>	<u>7,202,668</u>	<u>224,913,453</u>
3000	Fund balance - ending	<u>\$ 73,269,710</u>	<u>\$ 8,659,837</u>	<u>\$100,492,315</u>	<u>\$ 9,593,358</u>	<u>\$192,015,220</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

*Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Funds
to the Governmental Activities Statement of Activities
For The Year Ended August 31, 2023*

Net change in fund balance - total governmental funds (from C-3) \$(32,898,233)

Amounts reported for governmental activities in the statement of activities (B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	\$ 41,768,062	
Depreciation/amortization expense	(23,023,278)	18,744,784

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Principal payments	\$ 31,060,000	
Change in accrued interest payable	63,971	
Amortization of bond premium	3,485,891	
Amortization of deferred charge on bond refunding	(60,077)	34,549,785

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension liability increased	\$(29,667,026)	
Deferred outflows increased	8,356,460	
Deferred inflows decreased	19,570,877	(1,739,689)

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net OPEB liability decreased	\$ 14,744,604	
Deferred outflows increased	921,346	
Deferred inflows decreased	(11,285,152)	4,380,798

Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds.

904

Internal service funds are used by the District to charge the costs of unemployment insurance and workers' compensation insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities. The net effect of this consolidation is to increase net position.

297,522

Change in net position of governmental activities (see B-1) \$ 23,335,871

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

*Statement of Net Position**Proprietary Funds**August 31, 2023*

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Funds (See H-3)</u>
	Assets:	
1110	Cash and cash equivalents	\$ 506,136
1120	Investments	<u>2,174,035</u>
1000	Total assets	<u>2,680,171</u>
	Liabilities:	
2160	Accrued wages payable	3,923
2165	Accrued liabilities	<u>161,631</u>
2000	Total liabilities	<u>165,554</u>
	Net Position:	
3900	Unrestricted net position	<u>2,514,617</u>
3000	Total net position	<u>\$ 2,514,617</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended August 31, 2023

Exhibit D-2

	Governmental Activities Internal Service Funds (See H-4)
Operating Revenues:	
Charges for services	\$ <u>679,762</u>
Total operating revenues	<u>679,762</u>
Operating Expenses:	
Payroll costs	126,141
Insurance claims and expenses	<u>354,336</u>
Total operating expenses	<u>480,477</u>
Operating income	<u>199,285</u>
Nonoperating Revenues:	
Investment earnings	<u>98,237</u>
Total nonoperating revenues	<u>98,237</u>
Change in net position	297,522
Net position - beginning	<u>2,217,095</u>
Net position - ending	<u>\$ 2,514,617</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

*Statement of Cash Flows**Proprietary Funds**For the Year Ended August 31, 2023*

	Governmental Activities Internal Service Funds (See H-5)
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 679,762
Payments to employees	(124,659)
Payments to other funds	(9,637)
Payments to suppliers	(5,920)
Claims paid	<u>(309,164)</u>
Net cash provided by operating activities	<u>230,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash provided (used) by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided (used) by capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,635,577)
Sale of investments	2,615,000
Investment earnings	<u>30,354</u>
Net cash provided by investing activities	<u>9,777</u>
Change in cash and cash equivalents	240,159
Cash and cash equivalents - beginning	<u>265,977</u>
Cash and cash equivalents - ending	<u>\$ 506,136</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 199,285
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Accrued wages payable	1,482
Accrued expenses payable	39,252
Due to other funds	<u>(9,637)</u>
Net cash provided by operating activities	<u>\$ 230,382</u>
NONCASH INVESTING ACTIVITIES:	
Increase in fair value of investments	<u>\$ 67,882</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

*Statement of Fiduciary Net Position**Fiduciary Funds**August 31, 2023*

	Private- Purpose Trusts	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 16,971	\$ 327,903
Receivables from other governments	-	447
Other receivables	-	1,000
	<u>16,971</u>	<u>329,350</u>
Total assets	<u>16,971</u>	<u>329,350</u>
Liabilities:		
Accounts payable	-	60,651
	<u>-</u>	<u>60,651</u>
Total liabilities	<u>-</u>	<u>60,651</u>
Net Position:		
Restricted for:		
Held in trust for other purposes	16,971	-
Students and other activities	-	268,699
	<u>-</u>	<u>268,699</u>
Total net position	<u>\$ 16,971</u>	<u>\$ 268,699</u>

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

*Statement of Changes in Fiduciary Net Position**Fiduciary Funds**For the Year Ended August 31, 2023*

	Private- Purpose Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
ADDITIONS		
Revenues from student activities	\$ -	\$ 459,071
Revenues from staff activities	-	17,467
Revenues from department activities	<u>-</u>	<u>26,026</u>
Total contributions	<u>-</u>	<u>502,564</u>
Investment earnings	<u>523</u>	<u>-</u>
Total additions	<u>523</u>	<u>502,564</u>
DEDUCTIONS		
Payments for student activities	-	431,711
Payments for staff activities	-	22,542
Payments for department activities	<u>-</u>	<u>20,136</u>
Total deductions	<u>-</u>	<u>474,389</u>
Change in net position	523	28,175
Net position - beginning	<u>16,448</u>	<u>240,524</u>
Net position - ending	<u>\$ 16,971</u>	<u>\$ 268,699</u>

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

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Brazosport Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees that are elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of the District is elected by the public; has the authority to make decisions, appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental “reporting entity” as defined by GASB in its Statement No. 61, “*The Financial Reporting Entity: Omnibus - and amendment of GASB Statement No. 14 and No. 34*”. A blended component unit, although a legally separate entity is, in substance, part of the District’s operations.

- Blended Component Unit: The Brazosport Independent School District Educational Foundation (the “Foundation”) was established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Superintendent serves as a Board Member. The Foundation is a supporting organization of the District and is presented as a special revenue fund of the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas 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.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

The proprietary fund types and the fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognized revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The net position is segregated into restricted net position and unrestricted net position. The custodial funds record only assets and liabilities and use the accrual basis of accounting to recognize receivables and payables. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and the unrestricted resources as needed.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, and interest earnings. Expenditures include all costs associated with related debt service.

The *capital projects fund* accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. The major revenue source includes investment earnings and other resources from proceeds from sale of general obligation bonded debt.

The District reports the following proprietary funds:

The *internal service funds* account for the District's self-funded dental insurance plan provided for the benefit of eligible employees and its self-funded worker's compensation program. The revenues of these funds are received from both the general and special revenue funds, and District employees and the expenses are comprised of claims paid on behalf of the District and its employees. The general fund is contingently liable for liabilities of these funds. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the District. See Note 12 for additional discussion of the District's self-funded insurance plans.

The dental insurance plan is intended to be self-supporting and contributions for premiums are increased periodically to cover the cost of claims, insurance premiums and administrative fees. As of August 31, 2023, liabilities totaled \$ -0- and net position of the dental insurance plan was \$ 433,894.

The worker's compensation program provides for incurred but not reported costs for worker's compensation claims through the establishment of undiscounted liability accounts and net position. As of August 31, 2023, undiscounted liabilities totaled \$ 161,631 and net position of the worker's compensation program was \$ 2,080,723.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Additionally, the District reports the following fiduciary funds:

The *private-purpose trust funds* are used to account for donations for endowments received from individuals and/or organizations for specified donor purposes for which the principal and earned interest or revenue may be used.

The *custodial fund* accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

Cash and Investments

The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables, payables and transfers.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the district in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The appraisal and recording of all property within the District is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years.

Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value (adjusted) of the property tax roll on August 1, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$ 9,768,493,114. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2023, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.917700 and \$ 0.215300 per \$ 100 valuation, respectively, for a total of \$ 1.133000 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2023 were 99.19% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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. As of August 31, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 879,061 and \$ 203,673 for the general and debt service funds, respectively.

Inventories

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their market value is recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets and Depreciation/Amortization

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, subscription based IT assets, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government to be \$ 5,000 or greater and have an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and improvements, furniture, equipment and vehicles and subscription based IT assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Furniture, equipment and vehicles	5 - 15
Subscription based IT assets	2 - 3

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) 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 initially 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 made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over 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 the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription Based Information Technology Arrangements

The District adopted GASB 96 - Subscription Based Information Technology Arrangements (SBITA). The District recognizes a liability and corresponding right to use the information technology software in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$ 5,000 or more and a contract term of twelve months or more.

At the commencement of a subscription, the District initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement dates, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subscription Based Information Technology Arrangements - Continued

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

- The District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (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.

Budgetary Data

Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required governmental funds prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the national school breakfast and lunch program. The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The Official Budget was prepared for adoption for the general fund, national school breakfast and lunch program and debt service fund prior to August 31, 2022. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

As of August 31, 2023, the District had no encumbrances outstanding.

Fund Balance

The District's Board of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's unassigned general fund balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned general fund balance may only be appropriated by resolution of the Board of Trustees. Fund Balance of the District may be committed for a specific source by formal action of the District's Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action by the District's Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees has delegated authority to the Superintendent and the Chief Financial and Governmental Affairs Officer. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The District implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors or other governments; or are imposed by law.

Committed Fund Balance - Amounts that can only be used for specific purposes because of a Board of Trustees Resolution by the government's highest level of decision-making authority.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by the Chief Financial and Governmental Affairs Officer. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed or assigned.

As of August 31, 2023, nonspendable fund balances include \$ 301,938 for inventories and \$ 1,654,038 for prepaid items in the general fund, and \$ 76,343 for inventories in the national school breakfast and lunch program and \$ 2,198 for prepaid items in the BISD Education Foundation Fund. Restricted fund balances include \$ 1,545,000 for debt service in the general fund, \$ 8,659,837 for the debt service fund, \$ 100,492,315 for the capital projects fund, \$ 2,215,164 for the national school breakfast and lunch program, and \$ 7,299,653 for Campus Activity Funds, BISD Education Foundation, CTE major giving, City of Lake Jackson PEG, Dow Education Grants and Registered Apprenticeship Program (special revenue funds). Committed fund balances include \$ 250,000 for claims and judgments and \$ 5,550,000 for capital expenditures for equipment in general fund. Assigned fund balances include \$ 10,000,000 for other purposes in the general fund. Unassigned fund balance includes \$ 53,968,734 in the general fund.

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB Statement No. 91 “Conduit Debt Obligations” was issued in May 2019. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99 “Omnibus 2022” was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100 “Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62” was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 “Compensated Absences” was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

NOTE 2. DEPOSITS AND INVESTMENTS

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Cash and cash equivalents are reported on the statement of net position at August 31, 2023 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary (Internal Service) Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents:				
Cash (petty cash accounts) \$	4,611	\$ -	\$ 1,000	\$ 5,611
Financial Institution Deposits:				
Demand deposits	11,336,037	500,033	331,572	12,167,642
Broker-Dealer:				
Demand deposits	4,168	6,103	-	10,271
Public Funds Investment Pool:				
Lone Star	101,585,495	-	12,302	101,597,797
Texas Fixed Income Trust	52,929,843	-	-	52,929,843
Texas Range	<u>27,072,049</u>	<u>-</u>	<u>-</u>	<u>27,072,049</u>
Total	<u>\$ 192,932,203</u>	<u>\$ 506,136</u>	<u>\$ 344,874</u>	<u>\$ 193,783,213</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At August 31, 2023, in addition to petty cash of \$ 5,611, the carrying amount of the District's cash, savings, and time deposits was \$ 12,177,913. The financial institutions balances were \$ 13,537,203 at August 31, 2023. Financial institution balances of \$ 440,180 were covered by federal depository insurance, \$ 10,271 were covered by securities investors protection corporations, and \$ 13,086,752 were covered by collateral pledged in the District's name. In addition the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

- a. Name of bank: Texas Gulf Bank, Freeport, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 26,344,802.
- c. Largest cash, savings and time deposit combined account balance amounted to \$ 22,956,569 and occurred on December 13, 2022.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$ 250,000.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the “investment policy”) that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District’s deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an “Investment Strategy Statement” that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District’s management believes it complied with the requirements of the PFIA and the District’s investment policy.

The District’s Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio’s as they relate to both the adopted investment strategy statements and Texas State law.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the U.S. or its agencies and instrumentalities;
2. Obligations of the State of Texas or its agencies;
3. Other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities;
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent;
5. Guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas;
6. Fully collateralized repurchase agreements; and,
7. Public funds investment pool meeting the requirements of Government Code 2256.016-2256.019.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

The District participates in Local Government Investment Pools (LGIP): Lone Star Investment Pool, Texas Term, and Texas Fixed Income Trust. The Lone Star Investment Pool (the "Pool") was established on July 25, 1991, as a public funds investment pool in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. Lone Star is a 2(a)7 like fund, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Standard and Poor's has assigned its "AAAm" fund risk ratings to the Pool's Government Overnight Fund, Corporate Overnight Fund and Corporate Overnight Plus Fund.

Texas Fixed Income Trust is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texas Fixed Income Trust is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texas Fixed Income Trust are rated AAmmf from Fitch, and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

Texas Range is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texas Term is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texas Range are rated AAmmf from Fitch and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At August 31, 2023, the Government Overnight Fund had a weighted average maturity of 18 days, the Corporate Overnight Fund had a weighted average maturity of 32 days, the Corporate Overnight Plus Fund had a weighted average maturity of 44 days, Texas Range had a weighted average maturity of 30 days, and Texas Fixed Income Trust had a weighted average maturity of 86 days. Although these five funds had weighted average maturities of 18, 32, 44, 30 and 86 days, respectively, the District considers holdings of these funds to have a one day weighted average maturity. This is due to the fact that the share position can normally be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The District's investment in LGIP are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 2. DEPOSITS AND INVESTMENTS - Continued****Investments** - Continued

The following table includes the portfolio balances of all investment types of the District at August 31, 2023:

	<u>Fair Value</u>	<u>Weighted Average Maturity (In Days)</u>
Local Government Investment Pool:		
Lone Star Investment Pool:		
Government Overnight Fund	\$ 123,450	18
Corporate Overnight Fund	225,997	32
Corporate Overnight Plus Fund	101,248,350	44
Texas Fixed Income Trust	52,929,843	86
Texas Range	<u>27,072,049</u>	30
Total local government investment pool	181,599,689	53
Treasury bonds/notes	<u>4,202,415</u>	190
Total treasury bonds/notes	4,202,415	4
Mutual funds	<u>1,593,346</u>	
Total investments	<u>\$ 187,395,450</u>	

Credit Risk - As of August 31, 2023, 96.91% of the investment portfolio was invested in AAAm/AAAmmf rated funds in the LGIP (2(a)7 like pools), 2.24% are invested in treasury bonds/notes that are rated as AA+ and 0.85% are invested in mutual funds that have ratings to the equivalent of at least A.

Interest rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Fair Value Measures

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of August 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Treasury bonds/notes	\$ 4,202,415	\$ -	\$ -	\$ 4,202,415
Mutual funds	<u>-</u>	<u>1,593,346</u>	<u>-</u>	<u>1,593,346</u>
Total assets at fair value	<u>\$ 4,202,415</u>	<u>\$ 1,593,346</u>	<u>\$ -</u>	<u>\$ 5,795,761</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES****Receivables and Allowances**

Receivables as of August 31, 2023, for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Receivables:					
Property taxes	\$ 1,485,461	\$ 329,741	\$ -	\$ -	\$ 1,815,202
Receivables from other governments	2,984,363	-	395,140	7,208,703	10,588,206
Other receivables	<u>25,524</u>	<u>-</u>	<u>3,010</u>	<u>39,999</u>	<u>68,533</u>
Gross receivables	4,495,348	329,741	398,150	7,248,702	12,471,941
Less: allowance for uncollectibles	<u>606,400</u>	<u>126,068</u>	<u>-</u>	<u>-</u>	<u>732,468</u>
Net receivables	<u>\$ 3,888,948</u>	<u>\$ 203,673</u>	<u>\$ 398,150</u>	<u>\$ 7,248,702</u>	<u>\$ 11,739,473</u>

Receivables/Payables from/to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or to Other Governments, as applicable.

Amounts due from federal, state, and local governments as of August 31, 2023 are summarized below.

Fund	State Entitlements	Federal Grants	State Grants and Other	Total
Major Governmental Funds:				
General fund	\$ 1,076,391	\$ 115,383	\$ 1,792,589	\$ 2,984,363
Capital projects fund	-	-	395,140	395,140
Other funds	<u>-</u>	<u>6,594,131</u>	<u>614,572</u>	<u>7,208,703</u>
Total	<u>\$ 1,076,391</u>	<u>\$ 6,709,514</u>	<u>\$ 2,802,301</u>	<u>\$ 10,588,206</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES - Continued

Receivables/Payables from/to Other Governments - Continued

For the year ended August 31, 2023, the District was determined to be subject to Chapter 41 under the Texas Education Code (TEC). During the year ended August 31, 2023, the District was required to pay \$ 2,622,964 to the state and at August 31, 2023, the District had paid the state \$ 4,362,142. The overpayment amount of \$ 1,739,178 is recorded as a receivable from other governments. The amount incurred as Chapter 41 costs of \$ 2,499,683 (after settle-ups) is reported as expenditures under Function 91 - Contracted Instructional Services Between Public Schools. The District will continue to be classified as a Chapter 41 District for the 2023-2024 year.

Deferred Outflows and Inflows of Resources and Unearned Revenues

Governmental Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of August 31, 2023, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources <u>(Unavailable)</u>	Unearned Revenue <u>Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 805,854	\$ -
Delinquent property taxes receivable (debt service fund)	187,253	-
Federal grants	-	686,787
Federal food commodities	-	708
State entitlements	-	38,571
Advance funding	-	15,750
Other	-	95,140
	<u> </u>	<u> </u>
Totals	\$ <u>993,107</u>	\$ <u>836,956</u>

Governmental Activities

Governmental activities defer the recognition of pension and OPEB expense for contributions made subsequent to the measurement date to the current year-end of August 31, 2023 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES - Continued

Deferred Outflows and Inflows of Resources and Unearned Revenues - Continued

Governmental Activities - Continued

As of August 31, 2023, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
TRS pension deferred inflows and outflows of resources	\$ 17,703,091	\$ 5,403,100	\$ -
Pension contributions subsequent to the measurement date	4,670,850	-	-
TRS OPEB deferred inflows and outflows of resources	9,356,654	44,064,696	-
OPEB contributions subsequent to the measurement date	991,650	-	-
Bond refunding costs	63,913	-	-
Federal grants	-	-	686,787
Federal food commodities	-	-	708
State entitlements	-	-	38,571
Advance funding	-	-	15,750
Other	<u>-</u>	<u>-</u>	<u>95,140</u>
Totals	<u>\$ 32,786,158</u>	<u>\$ 49,467,796</u>	<u>\$ 836,956</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund balances at August 31, 2023 consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>08-31-23</u>
General Fund	Other Governmental Funds	\$ 11,990,354
Debt Service Fund	General Fund	6,257
Capital Projects Fund	General Fund	12,604
Other Governmental Funds	Other Governmental Funds	<u>19,835</u>
		<u>\$ 12,029,050</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund Transfers

Interfund transfers for the year ended August 31, 2023 were as follows:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 6,175,739
General Fund	Other Governmental Funds	22,839
Other Governmental Funds	General Fund	60,000
Other Governmental Funds	Other Governmental Funds	<u>32,331</u>
		<u>\$ 6,290,909</u>

The transfer from the General Fund to the Debt Service Fund was made for the Chapter 313 tax credit reimbursement from the Texas Education Agency. The transfer from the General Fund to the National School Breakfast and Lunch Program was made to cover expenditures that was potentially going to create a deficit fund balance. The transfer from the BISD Education Foundation to the General Fund and Other Governmental Funds is to cover allocated administrative costs from the BISD Education Foundation to the District.

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets and Accumulated Depreciation/Amortization

The following provides a summary of changes in capital assets and accumulated depreciation/amortization for the year ended August 31, 2023:

	<u>September 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>August 31, 2023</u>
Capital Assets Not Being Depreciated/ Amortized:					
Land	\$ 2,546,923	\$ -	\$ -	\$ -	\$ 2,546,923
Construction in progress	<u>127,679,818</u>	<u>34,981,075</u>	<u>-</u>	<u>(121,390,258)</u>	<u>41,270,635</u>
Total capital assets not being depreciated/amortized	<u>130,226,741</u>	<u>34,981,075</u>	<u>-</u>	<u>(121,390,258)</u>	<u>43,817,558</u>
Capital Assets Being Depreciated/Amortized:					
Buildings and improvements	368,879,442	2,112,471	15,590,345	121,390,258	476,791,826
Furniture, equipment and vehicles	32,578,785	4,160,877	61,922	-	36,677,740
Subscription based IT assets	<u>-</u>	<u>513,639</u>	<u>-</u>	<u>-</u>	<u>513,639</u>
Total capital assets being depreciated/amortized	<u>401,458,227</u>	<u>6,786,987</u>	<u>15,652,267</u>	<u>121,390,258</u>	<u>513,983,205</u>
Accumulated Depreciation/Amortization:					
Buildings and improvements	100,351,998	19,548,378	15,590,345	-	104,310,031
Furniture, equipment and vehicles	16,519,364	3,446,629	61,922	-	19,904,071
Subscription based IT assets	<u>-</u>	<u>28,271</u>	<u>-</u>	<u>-</u>	<u>28,271</u>
Total accumulated depreciation/ amortization	<u>116,871,362</u>	<u>23,023,278</u>	<u>15,652,267</u>	<u>-</u>	<u>124,242,373</u>
Net capital assets	<u>\$414,813,606</u>	<u>\$ 18,744,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$433,558,390</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 5. CAPITAL ASSETS - Continued

See Note 1 for additional information regarding capital assets.

Depreciation/Amortization Expense

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, depreciation/amortization expense of the governmental activities was charged to functions as follows:

<u>Data Control Codes</u>	<u>Function</u>	<u>Amount</u>
0011	Instruction	\$ 11,928,360
0012	Instructional resources and media services	1,082,094
0013	Curriculum and instructional staff development	55,256
0021	Instructional leadership	145,047
0023	School leadership	902,512
0031	Guidance, counseling, and evaluation services	172,675
0033	Health services	89,791
0034	Student transportation	2,608,537
0035	Food services	1,588,606
0036	Extracurricular activities	3,025,259
0041	General administration	131,233
0051	Facilities maintenance and operations	1,238,652
0053	Data processing services	<u>55,256</u>
	Total depreciation/amortization expense	<u>\$ 23,023,278</u>

Governmental Fund Construction Commitments

At August 31, 2023, the District had the following construction commitments:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Commitment</u>
Polk & Griffith Stacking Lanes	\$ 1,472,994	\$ 1,298,086	\$ 174,908
Brazosport HS Athletics & Hopper Field	19,285,065	19,207,170	77,895
New Campus: Brazoswood High School	83,277,102	82,372,534	904,568
Brazosport CTE Additions & Renovations	<u>23,927,716</u>	<u>8,500,229</u>	<u>15,427,487</u>
	<u>\$ 127,962,877</u>	<u>\$ 111,378,019</u>	<u>\$ 16,584,858</u>

NOTE 6. LONG-TERM DEBT

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts are amortized using the effective interest method.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****General Obligation Bonds**

The following is a summary of the District's general obligation bonded debt as of August 31, 2023:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>% Rates</u>	<u>Outstanding Balance</u>
2015	\$ 54,785,000	2035	2.00-5.00	\$ 22,635,000
2017	34,465,000	2042	3.00-5.00	29,970,000
2017	45,915,000	2037	3.00-5.00	35,520,000
2018	42,320,000	2034	3.00-5.00	29,580,000
2019	138,750,000	2042	2.13-5.00	131,400,000
2020	102,070,000	2035	2.00-5.00	77,635,000
2021	<u>25,995,000</u>	2025	5.00	<u>11,205,000</u>
Total	\$ <u>444,300,000</u>			\$ <u>337,945,000</u>

Presented below is a summary of general obligation bond requirements to maturity:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 23,315,000	\$ 12,644,800	\$ 35,959,800
2025	23,270,000	11,480,175	34,750,175
2026	23,630,000	10,307,675	33,937,675
2027	23,715,000	9,124,050	32,839,050
2028	23,835,000	7,953,125	31,788,125
2029-2033	116,220,000	24,632,500	140,852,500
2034-2038	67,975,000	9,626,213	77,601,213
2039-2042	<u>35,985,000</u>	<u>2,281,931</u>	<u>38,266,931</u>
Totals	\$ <u>337,945,000</u>	\$ <u>88,050,469</u>	\$ <u>425,995,469</u>

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

The District has entered into continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Brazosport Independent School District.

There are limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2023.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 6. LONG-TERM DEBT - Continued

Maintenance Tax Note

On November 30, 2010 the District issued \$ 9,330,000 of Taxable Series 2010Q Maintenance Tax Qualified School Construction Notes, maturing in 2029. The notes have stated interest rates ranging from 3.75% to 5.20%. The bonds are to be paid from annual ad valorem maintenance taxes levied. The District has irrevocably designated the Series 2010Q Notes as “specified tax credit notes” within the meaning of Section 6431(F)(3)(b) of the Internal Revenue Code. Therefore, the District will be eligible to receive a cash subsidy from the United States Treasury in connection with the election. The Federal subsidy received by the District will not be pledged to payment of the Series 2010Q Notes and may be used for any lawful purpose of the District, including but not limited to, payment of debt service on the Series 2010Q Notes.

The following is a summary of the District's maintenance tax school construction note debt as of August 31, 2023:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>% Rates</u>	<u>Outstanding Balance</u>
2010	\$ <u>9,330,000</u>	2029	3.75-5.20	\$ <u>4,695,000</u>
Total	\$ <u>9,330,000</u>			\$ <u>4,695,000</u>

Presented below is a summary of maintenance tax note requirements to maturity:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ -	\$ 235,771	\$ 235,771
2025	2,575,000	235,771	2,810,771
2026	-	110,240	110,240
2027	-	110,240	110,240
2028	-	110,240	110,240
2029	<u>2,120,000</u>	<u>110,240</u>	<u>2,230,240</u>
	\$ <u>4,695,000</u>	\$ <u>912,502</u>	\$ <u>5,607,502</u>

Current requirements for interest expenditures accounted for in the General Fund were \$ 235,771.

The 2010Q Maintenance Tax Qualified School Construction Notes call for annual payments of \$ 515,000 from August 15, 2012 through August 15, 2025 and \$ 530,000 from August 15, 2026 through August 15, 2029, and will yield \$ 9,330,000 for the payment of principal on the notes.

Presented below is a summary of sinking fund requirements and estimated Federal subsidy for the 2010Q Maintenance Tax Qualified School Construction Notes. Listed is the original subsidy follows by the adjusted and reduced subsidy as a result of the federal sequestration. Beginning March of 2013 the subsidy was reduced by 8.7% from the original subsidy and in October of 2014 from it was reduced by 7.2% the original subsidy amount.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 6. LONG-TERM DEBT - Continued

Maintenance Tax Note - Continued

<u>Year Ended August 31</u>	<u>Original Federal Subsidy</u>	<u>Reduced Federal Subsidy</u>	<u>Annual Sinking Fund Requirement</u>
2024	\$ 235,771	\$ 198,284	\$ 515,000
2025	235,771	198,284	515,000
2026	110,240	92,712	530,000
2027	110,240	92,712	530,000
2028	110,240	92,712	530,000
2029	<u>110,240</u>	<u>92,712</u>	<u>530,000</u>
Totals	<u>\$ 912,502</u>	<u>\$ 767,416</u>	<u>\$ 3,150,000</u>

Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2023, was as follows:

	<u>Balance 09-01-22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 08-31-23</u>	<u>Due Within One Year</u>
Long-Term Debt:					
General obligation bonds	\$ 369,005,000	\$ -	\$ 31,060,000	\$ 337,945,000	\$ 25,315,000
Tax Notes	4,695,000	-	-	4,695,000	-
Net pension liability	21,123,255	50,217,140	20,550,114	50,790,281	-
Net OPEB liability	41,268,509	5,025,862	19,770,466	26,523,905	-
Premium on bonds	<u>43,338,340</u>	<u>-</u>	<u>3,485,891</u>	<u>39,852,449</u>	<u>3,469,817</u>
Totals	<u>\$ 479,430,104</u>	<u>\$ 55,243,002</u>	<u>\$ 74,866,471</u>	<u>\$ 459,806,635</u>	<u>\$ 26,784,817</u>

NOTE 7. DEFINED BENEFIT PENSION PLANS

Plan Description

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

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

Contributions

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

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

Contributions - Continued

<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Employer # 1398 - 2023 Employer Contributions		\$ 4,670,850
Employer # 1398 - 2023 Member Contributions		\$ 8,218,204
Employer # 1398 - 2023 NECE On-behalf Contributions		\$ 5,201,946
Employer # 1398 - Medicare Part D Contributions		\$ 551,543

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
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 2022	3.91%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value:			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return:			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity:			
Risk Parity	8.00%	4.60%	0.43%
Leverage:			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag****	-		-0.91%
Total	100%		8.21%

* *Absolute Return includes Credit Sensitive Investments.*

** *Target allocations are based on the FY2022 policy model.*

*** *Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).*

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the Net pension liability	\$ <u>79,010,420</u>	\$ <u>50,790,281</u>	\$ <u>27,916,534</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

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

At August 31, 2023, the District reported a liability of \$ 50,790,281 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	\$ 50,790,281
State's proportionate share that is associated with the District	<u>59,839,507</u>
Total	<u>\$ 110,629,788</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0855524363% which was an increase of 0.0026070498% from its proportion measured as of August 31, 2021.

Changes since the prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, the District recognized pension expense of \$ 6,410,539 and revenue of \$ 5,719,979 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 736,455	\$ 1,107,324
Changes in actuarial assumptions	9,463,882	2,358,664
Net difference between projected and actual investment earnings	5,017,917	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,484,837	1,937,112
Contributions paid to TRS subsequent to the measurement date	<u>4,670,850</u>	<u>-</u>
Total	<u>\$ 22,373,941</u>	<u>\$ 5,403,100</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended August 31,</u>	<u>Pension Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2024	\$ 3,578,368	\$ 8,721,623
2025	1,807,337	6,914,286
2026	213,974	6,700,312
2027	5,791,564	908,748
2028	908,748	-

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

Benefits Provided - Continued

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

TRS-Care Monthly Premium Rates

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

Contributions

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

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

Contribution Rates

	<u>2023</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding remitted by Employers	1.25%
Employer # 1398 - 2023 Employer Contributions	\$ 991,650
Employer # 1398 - 2023 Member Contributions	\$ 667,734
Employer # 1398 - 2023 NECE On-behalf Contributions	\$ 513,648

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.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

Contributions - Continued

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

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 developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (2.91%)</u>	<u>Current Single Discount Rate (3.91%)</u>	<u>1% Increase in Discount Rate (4.91%)</u>
District’s proportionate share of the Net OPEB Liability	\$ <u>31,273,787</u>	\$ <u>26,523,905</u>	\$ <u>22,675,890</u>

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

At June 30, 2023, the District reported a liability of \$ 26,523,905 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	\$ 26,523,905
State’s proportionate share that is associated with the District	<u>32,354,997</u>
Total	<u>\$ 58,878,902</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2023, the employer’s proportion of the collective Net OPEB Liability was 0.110774720%, compared to 0.106983998% as of August 31, 2022.

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.

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District’s proportionate share of the Net OPEB Liability	\$ <u>21,855,817</u>	\$ <u>26,523,905</u>	\$ <u>32,575,480</u>

Changes since the prior Actual Valuation

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB Liability.

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

At August 31, 2023, the District reported its proportionate share of TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,474,635	\$ 22,096,794
Changes in actuarial assumptions	4,040,116	18,427,231
Net difference between projected and actual investment earnings	79,008	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	3,762,895	3,540,671
Contributions paid to TRS subsequent to the measurement date	<u>991,650</u>	<u>-</u>
Total	\$ <u>10,348,304</u>	\$ <u>44,064,696</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Measurement Year Ended August 31,</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2023	\$(6,410,767)	\$(28,297,275)
2024	(6,410,481)	(21,886,794)
2025	(5,285,692)	(16,601,102)
2026	(3,762,929)	(12,838,173)
2027	(4,336,187)	(8,501,986)
Thereafter	(8,501,986)	-

For the year ended August 31, 2023, the District recognized OPEB expense of \$ (3,389,149) and a negative on-behalf expense and revenue of \$ 4,591,435 for support provided by the State.

NOTE 9. GENERAL FUND FEDERAL SOURCE REVENUES

Following is a schedule of federal source revenue recorded in the General Fund.

<u>Program or Source</u>	<u>ALN</u>	<u>Total</u>
Direct Costs:		
School Health and Related Services (SHARS)	---	\$ 1,324,238
Build America Bonds	---	223,835
ROTC	---	48,966
Medicaid Administrative Claiming (MAC)	93.778	97,912
Indirect Costs:		
School Breakfast Program	10.553	102,046
National School Lunch Program	10.555	358,941
Child and Adult Care Food Program	10.558	39,013
Pandemic Electronic Benefit Transfer (P-EBT)	10.649	5,950
Title I, Part A - Improving Basic Programs	84.010A	109,604
IDEA - Part B, Formula	84.027A	106,451
COVID-19 IDEA - Part B, Formula - ARP	84.027X	19,564
Perkins V: Strengthening CTE for 21 st Century	84.048A	5,988
IDEA - Part B, Preschool	84.173A	2,482
COVID-19 IDEA - Part B, Preschool - ARP	84.173X	380
Texas Education for Homeless Children & Youth	84.196A	1,123
Title III, Part A – ELA	84.365A	5,908
Title II, Part A - Supporting Effective Instruction	84.367A	18,274
Title IV, Part A, Subpart 1	84.424A	7,027
COVID-19 CRRSA ESSER II	84.425D	224,771
COVID-19 ARP ESSER III	84.425U	304,808
COVID-19 ARP Homeless I – TEHCY Supplemental	84.425W	1,923
COVID-19 ARP Homeless II	84.425W	<u>3,245</u>
		<u>\$ 3,012,449</u>

The School Health and Related Services (SHARS) funds, ROTC and Build America Bond subsidy are not considered federal financial assistance for inclusion in the Schedule of Federal Financial Awards.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 10. LOCAL AND INTERMEDIATE REVENUES

During the current year, local and intermediate revenues for governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Property taxes	\$ 92,142,823	\$ 38,370,860	\$ -	\$ -	\$130,513,683
Food sales	-	-	-	1,192,984	1,192,984
Investment income	4,115,878	613,709	5,552,254	278,971	10,560,812
Penalties, interest and other tax related income	497,364	122,947	-	-	620,311
Co-curricular income	197,103	-	-	-	197,103
Other tuition and fees from patrons	152,102	-	-	-	152,102
Enterprise activities	10,178	-	-	1,392,960	1,403,138
Grants and contributions	6,500	-	-	2,130,196	2,136,696
Other	<u>8,680,643</u>	<u>-</u>	<u>1,335,820</u>	<u>41,361</u>	<u>10,057,824</u>
Totals	<u>\$105,802,591</u>	<u>\$ 39,107,516</u>	<u>\$ 6,888,074</u>	<u>\$ 5,036,472</u>	<u>\$156,834,653</u>

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage.

NOTE 12. SELF-INSURANCE

Dental Plan

Beginning September 1, 2001, the District established its self-funding Dental (Health) Plan program. The accrued liability for the Dental Plan self-insurance program is projected to be \$ -0- as of August 31, 2023.

The dental plan is funded through the employee flex spending program. During the year ended August 31, 2023, the Plan received \$ 347,689 in employee contributions, of which \$ -0- were forfeitures.

The accrued liability for the Dental Plan self-insurance of \$ -0- includes estimated incurred but not reported claims. This liability reported in the fund at August 31, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 12. SELF-INSURANCE - Continued

Dental Plan - Continued

Changes in the dental plan claims liability amounts in fiscal 2021-2022 and 2022-2023 are presented below:

	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2021-2022 Dental Plan	\$ 43,340	\$ 779,841	\$ 776,942	\$ 46,239
2022-2023 Dental Plan	\$ 46,239	\$ 5,357	\$ 51,596	\$ -

Workers' Compensation

Beginning September 1, 2001, the District established its self-funding Workers' Compensation program. The District met its statutory worker's compensation obligations by participating as a self-funded member of the TASB Risk Management Fund. The accrued liability for the Workers' Compensation self-insurance program is projected to be \$ 161,631 as of August 31, 2023.

The District has maintained a self-insured retention of \$ 325,000 per occurrence during the year ended August 31, 2023. The District currently purchases specific excess coverage of \$ 325,000 per occurrence from Midwest Employers Casualty Company and \$ 1,000,000 in the aggregate. Claims administration is also provided by Texas Association of School Boards.

The accrued liability for Workers' Compensation self-insurance of \$ 161,631 includes estimated incurred but not reported claims. This liability reported in the fund at August 31, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

The following year-by-year exposure details the number of annual claims.

<u>Fiscal Year</u>	<u>Claims</u>
2014-15	92
2015-16	93
2016-17	75
2017-18	72
2018-19	68
2019-20	75
2020-21	73
2021-22	79
2022-23	109
9 Yr. Average	82

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 12. SELF-INSURANCE - Continued

Workers' Compensation - Continued

Changes in the workers' compensation claims liability amounts in fiscal 2021-2022 and 2022-2023 are presented below:

	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2021-2022 Workers' Compensation	\$ 196,135	\$ 248,095	\$ 368,090	\$ 76,140
2022-2023 Workers' Compensation	\$ 76,140	\$ 343,059	\$ 257,568	\$ 161,631

NOTE 13. UNEMPLOYMENT COMPENSATION POOL

During the year ended August 31, 2023, 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 obligations to the Texas Workforce Commission. Expenses are accrued each month 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 Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

NOTE 14. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 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 combined financial statements for such contingencies.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 15. JOINT VENTURED-SHARED SERVICE ARRANGEMENTS

The District participates in a Shared Services Arrangement for the hearing impaired through the Brazoria-Fort Bend Cooperative with eleven other school districts. 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, Fort Bend Independent School District, 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 Brazosport Independent School District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The amount of state revenues and expenditures attributable to the District's participation is not available.

The District reimburses Fort Bend Independent School District for their share of expenditures incurred which exceed the state funded portion. Local revenues are utilized to cover these expenditures. The District included the following expenditures in these financial statements.

Expenditures:

6400	Other Operating Costs	\$	57,560
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NOTE 16. TAX ABATEMENTS

The District enters into appraised value limitations with local businesses under the Texas Economic Development Act (Tax Code Chapter 313). Under the Act, an appraised value limitation is an agreement in which a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for the District's maintenance and operations tax (M&O) purposes. The minimum limitation value varies by District. The application for a limitation on the appraised value for M&O purposes is submitted directly to the District and requires an application fee that is established by the District. Tax credits are applicable only to applications determined to be complete prior to January 1, 2014. To qualify for a tax credit, a separate application must be submitted to the District after property taxes for the last complete year of the qualifying time period are paid. The credit is for M&O taxes paid in excess of the limitation amount in each complete year of the qualifying time period. The District's tax collector must credit the overage in equal parts over the last seven years of the agreement, but the credit in each year may not exceed 50 percent of the total taxes paid on the qualified property during that year. Any eligible amount not credited during the seven-year period are to be credited over the following three years, but the amount credited in each year may not exceed the total taxes paid on the qualified property in that year. The following are brief descriptions of each agreement followed by a summary of the agreements as of August 31, 2023:

The District entered in an agreement with Olin Chlorine 7, LLC on January 4, 2011. In addition to the tax abatement, Olin Chlorine 7, LLC has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 172.

The District entered in an agreement with High Purity Water Oasis on May 1, 2012. In addition to the tax abatement, High Purity Water Oasis has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 213.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 16. TAX ABATEMENTS - Continued

The District entered into an agreement with The Dow Chemical Company on September 5, 2012. The project scope was to design and construct an in-purpose propylene plant that will use propane as a feedstock to produce propylene. The process is known as propane dehydrogenation. The project also included site improvements, pipe ways and utility services, foundations and process equipment including vessels, reactors, pumps, pipes, valves, filters and electrical systems. In addition to the tax abatement, The Dow Chemical Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 214.

The District entered in an agreement with Dow Chemical on April 3, 2012. The project scope was to design and construct a world scale Ethylene Cracker, a propylene dehydrogenation plant, solutions polyethylene and low density polyethylene facility. In addition to the tax abatement, Dow Chemical has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 215.

The District entered in an agreement with Dow Agrosiences, LLC on May 1, 2013. The project scope was to design and construct a new Dichlorophenol plant in Freeport, Texas. Dichlorophenol is used in the production of Dow Agrosiences Frontline 2, 4-D herbicide. In addition to the tax abatement, Dow Agrosiences, LLC has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 216.

The District entered in an agreement with Dispersions Facility on November 5, 2012. In addition to the tax abatement, Dispersions Facility has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 237.

The District entered into an agreement with Freeport LNG on February 19, 2013. The project scope was to design and construct a Train 1 natural gas liquefaction infrastructure at an existing terminal to provide capacity of approximately 4.4 million metric tons per annum (mtpa) of liquid natural gas per liquefaction train. In addition to the tax abatement, Freeport LNG has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 244.

The District entered in an agreement with Freeport LNG on February 19, 2013. The project scope was to design and construct a Train 2 natural gas liquefaction infrastructure to an existing terminal to provide capacity of approximately 4.4 million metric tons per annum (mtpa) of LNG per liquefaction train. In addition to the tax abatement, Freeport LNG has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 245.

The District entered in an agreement with Freeport LNG on February 19, 2013. The project scope was to design and construct a Train 2 natural gas liquefaction infrastructure at an existing terminal to prove capacity of approximately 4.4 million metric tons per annum (mtpa) of LNG per liquefaction train. In addition to the tax abatement, Freeport LNG has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 246.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 16. TAX ABATEMENTS - Continued

The District entered into an agreement with Freeport Ammonia, LLC/Yara Freeport, LLC on November 11, 2014. The project scope was to design and construct an ammonia production facility, as well as related utility, infrastructure and logistics improvements. The plant will manufacture ammonia that is used in products such as nylon, polyurethanes, water treatment products, personal health care products and many others. In addition to the tax abatement, Freeport Ammonia, LLC/Yara Freeport, LLC has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1007.

The District entered into an agreement with Dow Chemical (now ME Global) on March 15, 2016. The project scope was to design and construct an ethylene glycol production facility and related raw material conditioning, utilities and logistics improvements. The plant manufactures ethylene glycol which is used in products such as polyester fiber, PET plastic bottles, automotive antifreeze and many more. In addition to the tax abatement, Dow Chemical has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1112.

The District entered into an agreement with Praxair on October 25, 2016. The project scope was to design and construct an industrial gas complex comprising of two plants: (1) a new world scale air separation unit for the production of argon, oxygen and nitrogen and (2) a world scale carbon dioxide purification and liquefaction plant. In addition to the tax abatement, Praxair has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1144.

Application Number	Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payments to the District	Company PILOT Payment to District	Net Benefit (Loss) to the District
172	\$ 654,131,820	\$ 30,000,000	\$ 275,310	\$ 5,727,658	\$ 49,339	\$ 652,015	\$ 976,664
213	52,095,470	30,000,000	275,310	202,770	-	21,391	296,701
214	757,672,950	30,000,000	275,310	6,677,855	-	1,503,335	1,778,645
215	2,049,245,830	30,000,000	275,310	18,530,619	-	1,171,796	1,447,106
216	152,810,440	30,000,000	275,310	1,127,031	57,348	106,968	439,626
237	81,903,250	30,000,000	275,310	476,316	46,779	42,954	365,043
244	2,102,365,970	30,000,000	275,310	19,018,103	47,663	1,050,000	1,372,973
245	2,191,821,630	30,000,000	275,310	19,839,037	65,960	1,050,000	1,391,270
246	1,903,362,790	30,000,000	275,310	17,191,850	5,283	1,050,000	1,330,593
1007	355,804,130	30,000,000	275,310	2,989,905	168,569	282,134	726,013
1112	852,885,000	30,000,000	275,310	7,551,616	10,552	754,106	1,039,968
1144	103,993,810	80,000,000	734,160	220,191	46,502	17,369	798,031
	<u>\$11,258,093,090</u>	<u>\$410,000,000</u>	<u>\$ 3,762,570</u>	<u>\$ 99,552,951</u>	<u>\$ 497,995</u>	<u>\$ 7,702,068</u>	<u>\$11,962,633</u>

NOTE 17. SUBSEQUENT EVENT

The District has evaluated subsequent events through December 1, 2023, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For The Year Ended August 31, 2023*

Data Control Codes	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	\$ 109,479,249	\$ 109,479,249	\$ 105,802,591	\$(3,676,658)
5800	State program revenues	12,407,228	19,082,967	22,403,807	3,320,840
5900	Federal program revenues	<u>2,687,333</u>	<u>2,687,333</u>	<u>3,012,449</u>	<u>325,116</u>
5020	Total revenues	<u>124,573,810</u>	<u>131,249,549</u>	<u>131,218,847</u>	<u>(30,702)</u>
EXPENDITURES:					
Current:					
0011	Instruction	73,104,901	72,678,724	71,008,111	1,670,613
0012	Instructional resources and media services	1,468,655	1,433,655	1,389,870	43,785
0013	Curriculum and instructional staff development	2,471,533	2,392,533	2,011,692	380,841
0021	Instructional leadership	3,066,172	3,126,885	2,949,130	177,755
0023	School leadership	8,427,797	8,601,720	8,343,915	257,805
0031	Guidance, counseling, and evaluation services	6,430,214	6,430,214	5,107,020	1,323,194
0032	Social work services	209,347	214,347	180,917	33,430
0033	Health services	1,665,095	1,665,095	1,543,327	121,768
0034	Student transportation	3,014,238	3,024,238	2,706,926	317,312
0036	Extracurricular activities	4,722,196	4,741,201	4,362,503	378,698
0041	General administration	3,208,454	3,358,454	3,247,506	110,948
0051	Facilities maintenance and operations	14,854,614	15,354,614	15,169,067	185,547
0052	Security and monitoring services	2,108,230	2,248,230	2,128,697	119,533
0053	Data processing services	2,448,986	2,478,986	2,358,901	120,085
0061	Community services	11,250	13,750	11,275	2,475
Debt Service:					
0071	Debt service - interest and fees	750,772	750,772	235,771	515,001
Intergovernmental:					
0091	Contracted instructional services between public schools	5,498,777	5,498,777	2,499,683	2,999,094
0093	Payments related to shared services arrangements	56,500	59,000	57,560	1,440
0095	Payments to Juvenile Justice Alternative Education programs	72,000	72,000	-	72,000
0099	Other intergovernmental	<u>1,461,846</u>	<u>1,461,846</u>	<u>1,354,260</u>	<u>107,586</u>
6030	Total expenditures	<u>135,051,577</u>	<u>135,605,041</u>	<u>126,666,131</u>	<u>8,938,910</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(10,477,767)</u>	<u>(4,355,492)</u>	<u>4,552,716</u>	<u>8,908,208</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of real or personal property	-	-	21,042	21,042
7915	Transfers in	-	-	60,000	60,000
8911	Transfers out	-	(6,175,739)	(6,198,578)	(22,839)
	Total other financing sources (uses)	<u>-</u>	<u>(6,175,739)</u>	<u>(6,117,536)</u>	<u>58,203</u>
1200	Net change in fund balance	<u>(10,477,767)</u>	<u>(10,531,231)</u>	<u>(1,564,820)</u>	<u>8,966,411</u>
0100	Fund balance - beginning	<u>74,834,530</u>	<u>74,834,530</u>	<u>74,834,530</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 64,356,763</u>	<u>\$ 64,303,299</u>	<u>\$ 73,269,710</u>	<u>\$ 8,966,411</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
*Schedule of Proportionate Share of the Net Pension Liability
and Related Ratios - Cost Sharing Employer Plan
For the Last Ten Measurement Years Ended August 31 (1)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0502446%	0.0762038%	0.0757160%	0.0802290%
District's proportionate share of the net pension liability	\$ 13,421,028	\$ 26,937,029	\$ 28,611,962	\$ 25,652,918
State's proportionate share of the net pension liability associated with the District	<u>35,318,121</u>	<u>42,050,697</u>	<u>45,166,297</u>	<u>38,694,184</u>
Total	<u>\$ 48,739,149</u>	<u>\$ 68,987,726</u>	<u>\$ 73,778,259</u>	<u>\$ 64,347,102</u>
District's covered payroll	\$ 70,210,198	\$ 70,210,198	\$ 77,047,832	\$ 82,198,510
District's proportionate share of the net pension liability as a percentage of its covered payroll	19.12%	38.37%	37.14%	31.21%
Plan fiduciary net position as a percentage of total pension liability	83.25%	78.43%	78.00%	82.17%

(1) Ten years of data should be presented in this schedule but data is unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.0838298%	0.0913700%	0.0831299%	0.0829454%	0.0855524%
\$ 46,141,942	\$ 47,496,966	\$ 44,522,699	\$ 21,123,255	\$ 50,790,281
<u>64,121,276</u>	<u>58,208,018</u>	<u>64,887,966</u>	<u>29,862,131</u>	<u>59,839,507</u>
<u>\$ 110,263,218</u>	<u>\$ 105,704,984</u>	<u>\$ 109,410,665</u>	<u>\$ 50,985,386</u>	<u>\$ 110,629,788</u>
\$ 85,275,018	\$ 90,879,588	\$ 96,865,034	\$ 97,697,610	\$ 96,569,854
54.11%	52.26%	45.96%	21.62%	52.59%
73.74%	75.24%	75.54%	88.79%	75.62%

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Schedule of Required Contributions -

Cost Sharing Employer Plan

For the Last Ten Years Ended August 31 (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 1,273,841	\$ 2,256,428	\$ 2,405,690	\$ 2,629,439
Contributions in relation to the contractually required contribution	<u>1,273,841</u>	<u>2,256,428</u>	<u>2,405,690</u>	<u>2,629,439</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
District's covered payroll	\$ 70,210,198	\$ 77,047,832	\$ 82,198,510	\$ 85,275,018
Contributions as a percentage of covered payroll	1.81%	2.93%	2.93%	3.08%

(1) Ten years of data should be presented in this schedule but data is unavailable prior to 2015. Data will be presented prospectively as data becomes available.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,035,004	\$ 3,428,056	\$ 3,539,648	\$ 3,992,130	\$ 4,670,850
<u>3,035,004</u>	<u>3,428,056</u>	<u>3,539,648</u>	<u>3,992,130</u>	<u>4,670,850</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 90,879,588	\$ 96,865,034	\$ 97,697,610	\$ 96,569,854	\$ 102,728,617
3.34%	3.54%	3.62%	4.13%	4.55%

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Schedule of Proportionate Share of the Net OPEB Liability
and Related Ratios - Cost Sharing Employer Plan
For the Last Ten Measurement Years Ended August 31 (1)*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.109459%	0.110994%	0.114839%	0.110870%
District's proportionate share of the net OPEB liability	\$ 47,599,482	\$ 55,420,468	\$ 54,308,834	\$ 42,146,520
State's proportionate share of the net OPEB liability associated with the District	<u>64,007,995</u>	<u>72,906,707</u>	<u>72,164,295</u>	<u>56,634,821</u>
Total	<u>\$ 111,607,477</u>	<u>\$ 128,327,175</u>	<u>\$ 126,473,129</u>	<u>\$ 98,781,341</u>
District's covered payroll	\$ 82,198,510	\$ 85,275,018	\$ 90,879,588	\$ 96,865,034
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.91%	64.99%	59.76%	43.51%
Plan fiduciary net position as a percentage of total OPEB liability	0.91%	1.57%	2.66%	4.99%

(1) The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2021</u>	<u>2022</u>
0.106984%	0.110775%
\$ 41,268,509	\$ 26,523,905
<u>55,290,605</u>	<u>32,354,997</u>
<u>\$ 96,559,114</u>	<u>\$ 58,878,902</u>
\$ 97,697,610	\$ 96,569,854
42.24%	27.47%
6.18%	11.52%

BRAZOSPORPT INDEPENDENT SCHOOL DISTRICT

Schedule of Required OPEB Contributions - Cost Sharing

Employer Plan

For the Last Ten Years Ended August 31 (1)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 569,077	\$ 589,847	\$ 841,000	\$ 835,775
Contributions in relation to the contractually required contribution	<u>569,077</u>	<u>589,847</u>	<u>841,000</u>	<u>835,775</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
District's covered payroll	\$ 85,275,018	\$ 90,879,588	\$ 96,865,034	\$ 97,697,610
Contributions as a percentage of covered payroll	0.67%	0.65%	0.87%	0.86%

(1) Ten years of data should be presented in this schedule but data is unavailable prior to 2018. Data will be presented prospectively as data becomes available.

<u>2022</u>	<u>2023</u>
\$ 909,838	\$ 991,650
<u>909,838</u>	<u>991,650</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 96,569,854	\$ 102,728,617
0.94%	0.97%

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OTHER SUPPLEMENTARY INFORMATION

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

Data Control Codes						Special
		206 ESEA Title IX Part A Education for the Homeless Children and Youth	211 ESEA Title I Part A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B Discretionary
	ASSETS:					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 93,258
1120	Current investments	-	-	-	-	-
1240	Receivables from other governments	18,579	1,116,915	1,056,652	53,740	-
1260	Due from other funds	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ 18,579</u>	<u>\$ 1,116,915</u>	<u>\$ 1,056,652</u>	<u>\$ 53,740</u>	<u>\$ 93,258</u>
	LIABILITIES AND FUND BALANCE:					
	Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 11,985	\$ -	\$ -
2160	Accrued wages payable	3,444	167,993	238,582	6,122	-
2170	Due to other funds	15,135	948,922	806,085	47,618	93,258
2300	Unearned revenue	-	-	-	-	-
2000	Total liabilities	<u>18,579</u>	<u>1,116,915</u>	<u>1,056,652</u>	<u>53,740</u>	<u>93,258</u>
	Fund Balance:					
	Nonspendable:					
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	-	-
	Restricted:					
3450	Grant Funds	-	-	-	-	-
3490	Other	-	-	-	-	-
3000	Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balance	<u>\$ 18,579</u>	<u>\$ 1,116,915</u>	<u>\$ 1,056,652</u>	<u>\$ 53,740</u>	<u>\$ 93,258</u>

Revenue Funds

240	244	255	263	278	280	281	282
National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA, Title II Part A-Teacher and Principal Training and Recruiting	Title III, Part A English Language Acquisition and Language Program	ARP ESSER Fund Homeless Children and Youth	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant
\$ 8,884,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
481,502	15,464	119,985	17,932	22,520	19,551	1,669,844	1,514,954
19,835	-	-	-	-	-	-	-
18,143	-	-	-	-	-	197	-
76,343	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 9,480,491</u>	<u>\$ 15,464</u>	<u>\$ 119,985</u>	<u>\$ 17,932</u>	<u>\$ 22,520</u>	<u>\$ 19,551</u>	<u>\$ 1,670,041</u>	<u>\$ 1,514,954</u>
\$ 491,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
235,784	2,903	10,571	2,430	1,461	6,432	-	97,465
5,773,840	12,561	109,414	15,502	21,059	13,119	1,670,041	1,417,489
687,495	-	-	-	-	-	-	-
<u>7,188,984</u>	<u>15,464</u>	<u>119,985</u>	<u>17,932</u>	<u>22,520</u>	<u>19,551</u>	<u>1,670,041</u>	<u>1,514,954</u>
76,343	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,215,164	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,291,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,480,491</u>	<u>\$ 15,464</u>	<u>\$ 119,985</u>	<u>\$ 17,932</u>	<u>\$ 22,520</u>	<u>\$ 19,551</u>	<u>\$ 1,670,041</u>	<u>\$ 1,514,954</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

Data Control Codes		Special				
		284	285	289	385	410
		IDEA Part B Formula ARP	IDEA Part B Preschool ARP	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired (SSVI)	State Instructional Materials Fund
	ASSETS:					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1120	Current investments	-	-	-	-	-
1240	Receivables from other governments	434,754	10,027	41,712	-	63,119
1260	Due from other funds	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ 434,754</u>	<u>\$ 10,027</u>	<u>\$ 41,712</u>	<u>\$ -</u>	<u>\$ 63,119</u>
	LIABILITIES AND FUND BALANCE:					
	Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	8,184	-	10,890	-	-
2170	Due to other funds	426,570	10,027	30,822	-	63,119
2300	Unearned revenue	-	-	-	-	-
2000	Total liabilities	<u>434,754</u>	<u>10,027</u>	<u>41,712</u>	<u>-</u>	<u>63,119</u>
	Fund Balance:					
	Nonspendable:					
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	-	-
	Restricted:					
3450	Grant Funds	-	-	-	-	-
3490	Other	-	-	-	-	-
3000	Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balance	<u>\$ 434,754</u>	<u>\$ 10,027</u>	<u>\$ 41,712</u>	<u>\$ -</u>	<u>\$ 63,119</u>

Revenue Funds

429	461	472	481	483	485	489	490
State Funded Special Revenue Funds	Campus Activity Funds	BISD Education Foundation	Region IV PBIS	Region IV School Support Grant	CTE Major Giving	City of Lake Jackson PEG	Dow Education Grants
\$ -	\$ 1,289,438	\$ 199,268	\$ 7,099	\$ -	\$ 3,096,961	\$ -	\$ 181,346
-	-	1,593,346	-	-	-	-	-
501,457	-	-	-	-	-	49,996	-
-	-	-	-	-	-	-	-
-	-	-	-	-	21,659	-	-
-	-	-	-	-	-	-	-
-	-	2,198	-	-	-	-	-
<u>\$ 501,457</u>	<u>\$ 1,289,438</u>	<u>\$ 1,794,812</u>	<u>\$ 7,099</u>	<u>\$ -</u>	<u>\$ 3,118,620</u>	<u>\$ 49,996</u>	<u>\$ 181,346</u>
\$ 45,957	\$ -	\$ 21,659	\$ -	\$ -	\$ 159	\$ -	\$ -
838	-	-	-	-	3,825	-	-
454,662	-	-	7,099	-	113	49,944	23,790
-	-	-	-	-	-	-	95,140
<u>501,457</u>	<u>-</u>	<u>21,659</u>	<u>7,099</u>	<u>-</u>	<u>4,097</u>	<u>49,944</u>	<u>118,930</u>
-	-	-	-	-	-	-	-
-	-	2,198	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,289,438	1,770,955	-	-	3,114,523	52	62,416
-	1,289,438	1,773,153	-	-	3,114,523	52	62,416
<u>\$ 501,457</u>	<u>\$ 1,289,438</u>	<u>\$ 1,794,812</u>	<u>\$ 7,099</u>	<u>\$ -</u>	<u>\$ 3,118,620</u>	<u>\$ 49,996</u>	<u>\$ 181,346</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2023

Exhibit H-1
Page 3 of 3

<u>Data Control Codes</u>		<u>495</u>	<u>Registered Apprenticeship Program</u>	<u>Total Nonmajor Governmental (See C-1)</u>
	ASSETS:			
1110	Cash and cash equivalents	\$ 1,098,191	\$	14,850,229
1120	Current investments	-		1,593,346
1240	Receivables from other governments	-		7,208,703
1260	Due from other funds	-		19,835
1290	Other receivables	-		39,999
1300	Inventories	-		76,343
1410	Prepaid items	-		2,198
1000	Total assets	<u>\$ 1,098,191</u>	<u>\$</u>	<u>23,790,653</u>
	LIABILITIES AND FUND BALANCE:			
	Liabilities:			
2110	Accounts payable	\$ 15,930	\$	587,555
2160	Accrued wages payable	19,992		816,916
2170	Due to other funds	-		12,010,189
2300	Unearned revenue	-		782,635
2000	Total liabilities	<u>35,922</u>		<u>14,197,295</u>
	Fund Balance:			
	Nonspendable:			
3410	Inventories	-		76,343
3430	Prepaid items	-		2,198
	Restricted:			
3450	Grant Funds	-		2,215,164
3490	Other	<u>1,062,269</u>		<u>7,299,653</u>
3000	Total fund balance	<u>1,062,269</u>		<u>9,593,358</u>
4000	Total liabilities and fund balance	<u>\$ 1,098,191</u>	<u>\$</u>	<u>23,790,653</u>

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended August 31, 2023*

Data Control Codes		Special				
		206 ESEA Title IX Part A Education for the Homeless Children and Youth	211 ESEA Title I Part A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B Discretionary
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ 65	\$ 21	\$ -	\$ -
5800	State program revenues	-	-	-	-	-
5900	Federal program revenues	<u>28,662</u>	<u>2,790,344</u>	<u>2,739,480</u>	<u>69,498</u>	<u>93,258</u>
5020	Total revenues	<u>28,662</u>	<u>2,790,409</u>	<u>2,739,501</u>	<u>69,498</u>	<u>93,258</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	-	2,271,462	1,921,842	69,498	72,459
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and instructional staff development	-	371,552	3,595	-	-
0021	Instructional leadership	-	70,162	57,537	-	-
0023	School leadership	-	29,313	2,625	-	-
0031	Guidance, counseling and evaluation services	-	6,727	681,260	-	-
0032	Social work services	28,662	-	72,642	-	-
0033	Health services	-	13,284	-	-	-
0034	Student transportation	-	1,503	-	-	20,799
0035	Food service	-	-	-	-	-
0036	Extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	4,390	-	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	-	22,016	-	-	-
6030	Total expenditures	<u>28,662</u>	<u>2,790,409</u>	<u>2,739,501</u>	<u>69,498</u>	<u>93,258</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-	-
	OTHER FINANCING SOURCES (USES):					
7912	Sale of real or personal property					
7915	Transfers in	-	-	-	-	-
8911	Transfers out	-	-	-	-	-
	Total other financing sources (uses)	-	-	-	-	-
1200	Net change in fund balance	-	-	-	-	-
0100	Fund balance - beginning	-	-	-	-	-
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenue Funds

240	244	255	263	278	280	281	282
National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA, Title II Part A-Teacher and Principal Training and Recruiting	Title III, Part A English Language Acquisition and Language Program	ARP ESSER Fund Homeless Children and Youth	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant
\$ 1,355,632	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 239	\$ 44
229,605	-	-	-	-	-	-	-
<u>7,463,620</u>	<u>151,131</u>	<u>474,972</u>	<u>148,729</u>	<u>43,579</u>	<u>76,507</u>	<u>5,598,209</u>	<u>7,441,923</u>
<u>9,048,857</u>	<u>151,159</u>	<u>474,972</u>	<u>148,729</u>	<u>43,579</u>	<u>76,507</u>	<u>5,598,448</u>	<u>7,441,967</u>
-	65,165	-	64,918	-	355	2,701,306	4,404,736
-	-	-	-	-	-	20,798	288,176
-	85,994	450,696	41,891	-	-	952,178	1,103,960
-	-	1,848	179	-	-	88,389	179,993
-	-	22,428	6,205	-	-	111,438	175,934
-	-	-	-	-	-	1,153,288	791,554
-	-	-	-	43,579	75,331	5,576	-
-	-	-	-	-	-	22,306	188,403
-	-	-	-	-	-	24,860	50,302
8,467,556	-	-	-	-	-	65,421	12,325
-	-	-	-	-	-	9,127	19,373
-	-	-	-	-	-	18,757	55,679
-	-	-	-	-	-	355,964	20,852
-	-	-	-	-	-	44,896	86,278
-	-	-	-	-	-	20,782	63,420
-	-	-	35,536	-	821	3,362	982
<u>8,467,556</u>	<u>151,159</u>	<u>474,972</u>	<u>148,729</u>	<u>43,579</u>	<u>76,507</u>	<u>5,598,448</u>	<u>7,441,967</u>
<u>581,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,983	-	-	-	-	-	-	-
22,839	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
622,123	-	-	-	-	-	-	-
<u>1,669,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,291,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds*
For the Year Ended August 31, 2023

Data Control Codes		Special				
		284	285	289	385	410
		IDEA Part B Formula ARP	IDEA Part B Preschool ARP	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired (SSVI)	State Instructional Materials Fund
	REVENUES:					
5700	Local and intermediate sources	\$ 93	\$ -	\$ 8	\$ -	\$ -
5800	State program revenues	-	-	-	10,360	63,119
5900	Federal program revenues	418,555	9,647	254,062	-	-
5020	Total revenues	418,648	9,647	254,070	10,360	63,119
	EXPENDITURES:					
	Current:					
0011	Instruction	251,253	1,086	25,391	10,360	63,119
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and instructional staff development	10,080	-	14,900	-	-
0021	Instructional leadership	100,523	-	-	-	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	56,480	8,561	-	-	-
0032	Social work services	312	-	60,000	-	-
0033	Health services	-	-	-	-	-
0034	Student transportation	-	-	-	-	-
0035	Food service	-	-	-	-	-
0036	Extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	153,779	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	-	-	-	-	-
6030	Total expenditures	418,648	9,647	254,070	10,360	63,119
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-	-
	OTHER FINANCING SOURCES (USES):					
7912	Sale of real or personal property	-	-	-	-	-
7915	Transfers in	-	-	-	-	-
8911	Transfers out	-	-	-	-	-
	Total other financing sources (uses)	-	-	-	-	-
1200	Net change in fund balance	-	-	-	-	-
0100	Fund balance - beginning	-	-	-	-	-
3000	Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

Revenue Funds

429	461	472	481	483	485	489	490
State Funded Special Revenue Funds	Campus Activity Funds	BISD Education Foundation	Region IV PBIS	Region IV School Support Grant	CTE Major Giving	City of Lake Jackson PEG	Dow Education Grants
\$ -	\$ 1,392,960	\$ 514,272	\$ 17,222	\$ 14,130	\$ 524,587	\$ 49,996	\$ 49,175
734,787	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>734,787</u>	<u>1,392,960</u>	<u>514,272</u>	<u>17,222</u>	<u>14,130</u>	<u>524,587</u>	<u>49,996</u>	<u>49,175</u>
9,044	-	35,536	4,000	-	39,493	49,996	66,878
-	-	17,937	-	-	-	-	-
23,376	-	-	4,646	14,130	-	-	8,737
-	-	-	4,900	-	18,864	-	-
345	-	-	-	-	-	-	-
345	-	6,409	3,676	-	-	-	3,904
84,056	-	-	-	-	-	-	-
-	-	8,579	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	35,627
-	1,277,124	5,619	-	-	-	-	3,135
-	-	182,368	-	-	4,486	-	-
-	-	-	-	-	-	-	-
617,621	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>734,787</u>	<u>1,277,124</u>	<u>256,448</u>	<u>17,222</u>	<u>14,130</u>	<u>62,843</u>	<u>49,996</u>	<u>118,281</u>
-	<u>115,836</u>	<u>257,824</u>	-	-	<u>461,744</u>	-	(<u>69,106</u>)
-	-	-	-	-	-	-	-
-	10,672	-	-	-	21,659	-	-
-	-	(92,331)	-	-	-	-	-
-	<u>10,672</u>	(<u>92,331</u>)	-	-	<u>21,659</u>	-	-
-	126,508	165,493	-	-	483,403	-	(69,106)
-	<u>1,162,930</u>	<u>1,607,660</u>	-	-	<u>2,631,120</u>	<u>52</u>	<u>131,522</u>
\$ -	\$ <u>1,289,438</u>	\$ <u>1,773,153</u>	\$ -	\$ -	\$ <u>3,114,523</u>	\$ <u>52</u>	\$ <u>62,416</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended August 31, 2023*

Data Control Codes		495	
		Registered Apprenticeship Program	Total Nonmajor Governmental (See C-3)
	REVENUES:		
5700	Local and intermediate sources	\$ 1,118,000	\$ 5,036,472
5800	State program revenues	186,449	1,224,320
5900	Federal program revenues	-	<u>27,802,176</u>
5020	Total revenues	<u>1,304,449</u>	<u>34,062,968</u>
	EXPENDITURES:		
	Current:		
0011	Instruction	48,712	12,176,609
0012	Instructional resources and media services	-	326,911
0013	Curriculum and instructional staff development	168,313	3,254,048
0021	Instructional leadership	-	522,395
0023	School leadership	-	348,288
0031	Guidance, counseling and evaluation services	-	2,712,204
0032	Social work services	-	370,158
0033	Health services	-	232,572
0034	Student transportation	-	97,464
0035	Food service	-	8,580,929
0036	Extracurricular activities	-	1,314,378
0041	General administration	25,155	286,445
0051	Facilities maintenance and operations	-	376,816
0052	Security and monitoring services	-	906,964
0053	Data processing services	-	84,202
0061	Community services	-	<u>62,717</u>
6030	Total expenditures	<u>242,180</u>	<u>31,653,100</u>
1100	Excess (deficiency) of revenues over expenditures	<u>1,062,269</u>	<u>2,409,868</u>
	OTHER FINANCING SOURCES (USES):		
7912	Sale of real or personal property	-	17,983
7915	Transfers in	-	55,170
8911	Transfers out	-	<u>(92,331)</u>
	Total other financing sources (uses)	<u>-</u>	<u>(19,178)</u>
1200	Net change in fund balance	1,062,269	2,390,690
0100	Fund balance - beginning	-	<u>7,202,668</u>
3000	Fund balance - ending	<u>\$ 1,062,269</u>	<u>\$ 9,593,358</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Combining Statement of Net Position
Internal Service Funds
August 31, 2023

Exhibit H-3

<u>Data Control Codes</u>		<u>Dental Plan</u>	<u>Workers' Compensation</u>	<u>Total (See D-1)</u>
	Assets:			
1110	Cash and cash equivalents	\$ 433,894	\$ 72,242	\$ 506,136
1120	Investments	<u>-</u>	<u>2,174,035</u>	<u>2,174,035</u>
1000	Total assets	<u>433,894</u>	<u>2,246,277</u>	<u>2,680,171</u>
	Liabilities:			
2160	Accrued wages payable	-	3,923	3,923
2165	Accrued liabilities	<u>-</u>	<u>161,631</u>	<u>161,631</u>
2000	Total liabilities	<u>-</u>	<u>165,554</u>	<u>165,554</u>
	Net Position:			
3900	Unrestricted net position	<u>433,894</u>	<u>2,080,723</u>	<u>2,514,617</u>
3000	Total net position	<u>\$ 433,894</u>	<u>\$ 2,080,723</u>	<u>\$ 2,514,617</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit H-4

*Combining Statement of Revenues, Expenses, and Changes in Net Position**Internal Service Funds**For the Year Ended August 31, 2023*

	<u>Dental Plan</u>	<u>Workers' Compensation</u>	<u>Total (See D-2)</u>
Operating Revenues:			
Charges for services	\$ 347,689	\$ 332,073	\$ 679,762
Total operating revenues	<u>347,689</u>	<u>332,073</u>	<u>679,762</u>
Operating Expenses:			
Payroll costs	-	126,141	126,141
Insurance claims and expenses	<u>5,357</u>	<u>348,979</u>	<u>354,336</u>
Total operating expenses	<u>5,357</u>	<u>475,120</u>	<u>480,477</u>
Operating income (loss)	<u>342,332</u>	<u>(143,047)</u>	<u>199,285</u>
Nonoperating Revenues:			
Investment earnings	<u>9,092</u>	<u>89,145</u>	<u>98,237</u>
Total nonoperating revenues	<u>9,092</u>	<u>89,145</u>	<u>98,237</u>
Change in net position	351,424	(53,902)	297,522
Net position - beginning	<u>82,470</u>	<u>2,134,625</u>	<u>2,217,095</u>
Net position - ending	<u>\$ 433,894</u>	<u>\$ 2,080,723</u>	<u>\$ 2,514,617</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit H-5

*Combining Statement of Cash Flows
Internal Service Funds
For The Year Ended August 31, 2023*

	Dental Plan	Worker's Compensation	Total (See D-3)
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 347,689	\$ 332,073	\$ 679,762
Payments to employees	-	(124,659)	(124,659)
Payments to other funds	-	(9,637)	(9,637)
Payments to suppliers	-	(5,920)	(5,920)
Claims paid	(51,596)	(257,568)	(309,164)
	<u>296,093</u>	<u>(65,711)</u>	<u>230,382</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(2,635,577)	(2,635,577)
Sale of Investments	-	2,615,000	2,615,000
Investment earnings	9,092	21,262	30,354
	<u>9,092</u>	<u>685</u>	<u>9,777</u>
Net cash provided by investing activities			
Net change in cash and cash equivalents	305,185	(65,026)	240,159
Cash and cash equivalents - beginning	<u>128,709</u>	<u>137,268</u>	<u>265,977</u>
Cash and cash equivalents - ending	<u>\$ 433,894</u>	<u>\$ 72,242</u>	<u>\$ 506,136</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 342,332	\$(143,047)	\$ 199,285
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities:			
Accrued wages payable	-	1,482	1,482
Accrued expenses payable	(46,239)	85,491	39,252
Due to other funds	<u>-</u>	<u>(9,637)</u>	<u>(9,637)</u>
Net cash provided (used) by operating activities	<u>\$ 296,093</u>	<u>\$(65,711)</u>	<u>\$ 230,382</u>
NONCASH INVESTING ACTIVITIES:			
Increase in fair value of investments	<u>\$ -</u>	<u>\$ 67,882</u>	<u>\$ 67,882</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Schedule of Delinquent Taxes Receivable

For the Year Ended August 31, 2023

Last Ten Years Ended August 31,	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance September 1, 2022
	Maintenance	Debt Service		
2013 and Prior	\$ Various	\$ Various	\$ Various	\$ 155,727
2014	1.040000	0.215300	6,409,126,185	47,021
2015	1.040000	0.215300	6,933,187,931	45,179
2016	1.040000	0.215300	8,001,042,265	64,482
2017	1.040000	0.215300	8,457,052,204	58,508
2018	1.040000	0.215300	11,394,834,859	74,976
2019	1.040000	0.215300	12,835,080,081	96,862
2020	0.970000	0.215300	13,160,599,931	144,912
2021	0.966400	0.215300	9,732,175,392	226,022
2022	0.963400	0.215300	9,098,452,701	663,420
2023 (School Year Under Audit)	0.917700	0.215300	9,768,493,114	-
1000 Totals				\$ <u>1,577,109</u>

Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2023
\$ -	\$ 10,472	\$ 1,854	\$(17,555)	\$ 125,846
-	2,293	475	(26)	44,227
-	3,127	647	(27)	41,378
-	4,004	829	(27)	59,622
-	6,334	1,311	(26)	50,837
-	13,724	2,841	(27)	58,384
-	19,814	4,102	583	73,529
-	32,482	7,210	2,304	107,524
-	67,590	15,058	(21,553)	121,821
-	259,603	58,016	(116,443)	229,358
<u>111,221,325</u>	<u>91,780,120</u>	<u>38,291,139</u>	<u>19,752,610</u>	<u>902,676</u>
<u>\$ 111,221,325</u>	<u>\$ 92,199,563</u>	<u>\$ 38,383,482</u>	<u>\$ 19,599,813</u>	<u>\$ 1,815,202</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - National School Breakfast and Lunch Program
For the Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 1,303,863	\$ 1,353,863	\$ 1,355,632	\$ 1,769
5800	State program revenues	15,000	215,000	229,605	14,605
5900	Federal program revenues	<u>6,480,877</u>	<u>7,111,877</u>	<u>7,463,620</u>	<u>351,743</u>
5020	Total revenues	<u>7,799,740</u>	<u>8,680,740</u>	<u>9,048,857</u>	<u>368,117</u>
	EXPENDITURES:				
	Current:				
0035	Food service	<u>7,799,740</u>	<u>8,680,740</u>	<u>8,467,556</u>	<u>213,184</u>
6030	Total expenditures	<u>7,799,740</u>	<u>8,680,740</u>	<u>8,467,556</u>	<u>213,184</u>
1100	Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>581,301</u>	<u>581,301</u>
	OTHER FINANCING SOURCES:				
7912	Sale of real or personal property	-	-	17,983	17,983
7915	Transfers in	<u>-</u>	<u>-</u>	<u>22,839</u>	<u>22,839</u>
	Total other financing sources	<u>-</u>	<u>-</u>	<u>40,822</u>	<u>40,822</u>
1200	Net change in fund balance	-	-	622,123	622,123
0100	Fund balance - beginning	<u>1,669,384</u>	<u>1,669,384</u>	<u>1,669,384</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 1,669,384</u>	<u>\$ 1,669,384</u>	<u>\$ 2,291,507</u>	<u>\$ 622,123</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended August 31, 2023

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 45,856,160	\$ 39,680,421	\$ 39,107,516	\$(572,905)
5800	State program revenues	<u>18,580</u>	<u>18,580</u>	<u>403,788</u>	<u>385,208</u>
5020	Total revenues	<u>45,874,740</u>	<u>39,699,001</u>	<u>39,511,304</u>	<u>(187,697)</u>
	EXPENDITURES:				
	Debt Service:				
0071	Debt service - principal	31,688,978	31,648,978	31,060,000	588,978
0072	Debt service - interest and fees	14,138,838	14,138,838	14,104,865	33,973
0073	Bond issuance costs and fees	<u>-</u>	<u>40,000</u>	<u>36,805</u>	<u>3,195</u>
6030	Total expenditures	<u>45,827,816</u>	<u>45,827,816</u>	<u>45,201,670</u>	<u>626,146</u>
1100	Excess (deficiency) of revenues over expenditures	<u>46,924</u>	<u>(6,128,815)</u>	<u>(5,690,366)</u>	<u>438,449</u>
	OTHER FINANCING SOURCES:				
7915	Transfers in	<u>-</u>	<u>6,175,739</u>	<u>6,175,739</u>	<u>-</u>
	Total other financing sources	<u>-</u>	<u>6,175,739</u>	<u>6,175,739</u>	<u>-</u>
1200	Net change in fund balance	46,924	46,924	485,373	438,449
0100	Fund balance - beginning	<u>8,174,464</u>	<u>8,174,464</u>	<u>8,174,464</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 8,221,388</u>	<u>\$ 8,221,388</u>	<u>\$ 8,659,837</u>	<u>\$ 438,449</u>

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

*Schedule of Compensatory Education Program and Bilingual Education Program
For the Year Ended August 31, 2023*

<u>Data Code</u>	<u>Section A: Compensatory Education Programs</u>	<u>Responses</u>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 12,018,319
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 6,218,673
<u>Data Code</u>	<u>Section B: Bilingual Education Programs</u>	<u>Responses</u>
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program:	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 845,466
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35).	\$ 473,882

FEDERAL AWARDS SECTION

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

To the Board of Trustees
Brazosport Independent School District
Clute, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brazosport Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

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

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2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
December 1, 2023



Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
Brazosport Independent School District
Clute, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brazosport Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Lake Jackson
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Angleton, TX 77515
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Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
December 1, 2023

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2023

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None
4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings, which are required to be reported in accordance with 2 CFR 200.516(a): No.
7. Major programs include:
 - Title I, Part A - Improving Basic Programs - ALN 84.010A
 - Education Stabilization Fund
 - CRRSA ESSER II - ALN 84.425D
 - ARP ESSER III - ALN 84.425U
 - ARP Homeless I - TEHCY Supplemental - ALN 84.425W
 - ARP Homeless II - ALN 84.425W
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 876,528.
9. Low risk auditee: Yes.

II. Findings related to the financial statements

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal awards

The audit disclosed no findings required to be reported.

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Education</u>			
Passed Through Texas Education Agency:			
Title I, Part A - Improving Basic Programs	84.010A	23610101020905	\$ 2,697,199
Title I, Part A - Improving Basic Programs	84.010A	24610101020905	<u>202,749</u>
			<u>2,899,948</u>
Passed Through Texas Education Agency:			
Perkins V: Strengthening CTE for 21 st Century	84.048A	23420006020905	147,994
Perkins V: Strengthening CTE for 21 st Century	84.048A	24420006020905	<u>9,125</u>
			<u>157,119</u>
Passed Through Texas Education Agency:			
IDEA - Part B, Formula*	84.027A	226600010209056600	2,769
IDEA - Part B, Formula*	84.027A	236600010209056600	2,583,320
IDEA - Part B, Formula*	84.027A	246600010209056600	259,842
High Cost Fund*	84.027A	66002306	93,258
COVID-19 IDEA - Part B, Formula - ARP*	84.027X	225350010209055350	3,365
COVID-19 IDEA - Part B, Formula - ARP Carryover*	84.027X	225350020209055350	<u>434,754</u>
			<u>3,377,308</u>
Passed Through Texas Education Agency:			
IDEA - Part B, Preschool*	84.173A	236610010209056610	65,858
IDEA - Part B, Preschool*	84.173A	246610010209056610	6,122
COVID-19 IDEA - Part B, Preschool ARP Carryover*	84.173X	225360020209055360	<u>10,027</u>
			<u>82,007</u>
Passed Through Texas Education Agency:			
Texas Education for Homeless Children & Youth	84.196A	234600057110010	<u>29,785</u>
			<u>29,785</u>
Passed Through Texas Education Agency:			
Title III, Part A - ELA	84.365A	23671001020905	147,413
Title III, Part A - ELA	84.365A	24671001020905	<u>7,224</u>
			<u>154,637</u>
Passed Through Texas Education Agency:			
Title II, Part A - Supporting Effective Instruction	84.367A	23694501020905	425,317
Title II, Part A - Supporting Effective Instruction	84.367A	24694501020905	<u>67,929</u>
			<u>493,246</u>
Passed Through Texas Education Agency:			
Summer School LEP	84.369A	69552102	7,194
Summer School LEP	84.369A	69552202	<u>5,917</u>
			<u>13,111</u>
Passed Through Texas Education Agency:			
Title IV, Part A, Subpart 1	84.424A	23680101020905	177,735
Title IV, Part A, Subpart 1	84.424A	24680101020905	<u>10,890</u>
			<u>188,625</u>

(Continued)

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Education - Continued</u>			
Passed Through Texas Education Agency:			
COVID-19 CRRSA ESSER II	84.425D	21521001020905	\$ 5,822,980
COVID-19 ARP ESSER III	84.425U	21528001020905	7,746,731
COVID-19 ARP Homeless I - TEHCY Supplemental	84.425W	215330017110010	45,502
COVID-19 ARP Homeless II	84.425W	21533002020905	<u>79,752</u>
			<u>13,694,965</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 21,090,751</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program **	10.555	---	\$ 567,349
Passed Through Texas Department of Agriculture:			
School Breakfast Program **	10.553	71402201	180,096
School Breakfast Program **	10.553	71402301	1,322,524
National School Lunch Program **	10.555	71302101	620,922
National School Lunch Program **	10.555	71302201	<u>4,664,458</u>
			<u>7,355,349</u>
Passed Through State Department of Agriculture:			
Child and Adult Care Food Program	10.558	236TX332N1099	<u>574,465</u>
			<u>574,465</u>
Passed Through State Department of Agriculture:			
Fresh Fruits and Vegetables Program (FFVP)	10.582	236TX375L1603	<u>33,806</u>
			<u>33,806</u>
Passed Through State Department of Agriculture:			
Pandemic Electronic Benefit Transfer (P-EBT)	10.649	226TX109S9009	<u>5,950</u>
			<u>5,950</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 7,969,570</u>
<u>U.S. Department of Justice</u>			
Direct:			
COPS Office School Violence Prevention Program (SVPP)	16.710	2020SVWX0145	\$ <u>59,353</u>
TOTAL DEPARTMENT OF JUSTICE			<u>\$ 59,353</u>

(Continued)

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Health & Human Services</u>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Assistance Claiming (MAC)	93.778	529-07-0157-00033	\$ <u>97,912</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ <u>97,912</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>29,217,586</u>
* Special Education Cluster			
** Child Nutrition Cluster			
RECONCILIATION:			
Federal Program Revenues (Exhibit C-3)			\$ 30,814,625
Less: School Health and Related Services (SHARS)			(1,324,238)
Build America Bonds			(223,835)
Reserve Officers' Training Corps (ROTC)			<u>(48,966)</u>
Total federal financial assistance (Schedule of expenditures of Federal Awards)			\$ <u>29,217,586</u>

See notes to supplemental Schedule of Expenditures of Federal Awards.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

*Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023*

NOTE 1. BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement Program (ALN 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$ 561,240, while the monetary value of goods used and recognized as income and expenditures was \$ 567,349.

NOTE 2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 3. FEDERAL INDIRECT RATE

The District has elected to use the 10 percent de minimis indirect cost rate.

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SCHEDULE FOR ELECTRONIC FILING

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BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Required Responses to Selected School First Indicators
August 31, 2023

Schedule L-1
Page 1 of 2

Code	Questions	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
SF 3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>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.</p> <p>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.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

Required Responses to Selected School First Indicators
August 31, 2023

Schedule L-1
Page 2 of 2

<u>Code</u>	<u>Questions</u>	<u>Responses</u>
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in the government-wide financial statements at fiscal year-end.	\$ -0-