

BROOKELAND INDEPENDENT SCHOOL DISTRICT
Brookeland, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2024

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INTRODUCTORY SECTION

BROOKELAND INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD
August 31, 2024

Brookeland Independent School District
Name of School District

Jasper
County

121-902
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, 2024, at a meeting of the Board of Trustees of such school district on the 14th day of November 2024.

Signature of Board Secretary

Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Brookeland Independent School District
Brookeland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, fiduciary funds, and the aggregate remaining fund information of Brookeland Independent School District ("the District"), as of and for the year ended August 31, 2024, 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 statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, fiduciary funds and the aggregate remaining fund information of Brookeland Independent School District, as of August 31, 2024, and the respective changes in financial position, 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 Brookeland Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brookeland Independent School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brookeland Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brookeland Independent School District's basic financial statements. The Supplementary Information, Other Supplementary Information, and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, Other Supplemental Information, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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, Supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lufkin, Texas
November 14, 2024

CERTIFIED PUBLIC ACCOUNTANTS



As management of the Brookeland 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 fiscal year ended August 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows or resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,272,329 (*net position*). Of this amount, \$2,911,320 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$109,788 due to increased expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,586,731, an increase of \$239,792 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,554,557, or 80 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components - *government-wide financial statements*, *fund financial statements*, and *notes to the financial statements*. This report also contains required supplementary information and 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, liabilities, and deferred inflows/outflows of resources, with the difference 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 changing.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, and Payments Related to Shared Services Arrangements*.

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statement

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

Governmental Funds

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

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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund. Data from the other nine governmental funds are combined into a single, aggregated presentation.

The District adopts an annual revenue appropriations budget for its general fund and national school breakfast and lunch special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such supplementary information can be found as noted in the table of contents of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,272,329 at the close of the most recent fiscal year.

Table A-1
The District's Net Position

	GOVERNMENTAL ACTIVITIES			
	2024	2023	INCREASE (DECREASE)	
	AMOUNT	AMOUNT	AMOUNT	%
Current and other assets	\$ 5 557 069	\$ 6 083 242	\$ (526 173)	(9)
Capital and non-current assets	11 471 607	11 758 089	(286 482)	(2)
TOTAL ASSETS	17 028 676	17 841 331	(812 655)	
Deferred outflows	1 409 083	1 446 300	(37 217)	(3)
Noncurrent liabilities outstanding	329 535	2 048 392	(1 718 857)	(84)
Other liabilities	2 379 756	1 149 906	1 229 850	107
TOTAL LIABILITIES	2 709 291	3 198 298	(489 007)	
Deferred inflows	1 456 139	1 707 216	(251 077)	(15)
Net Position:				
Invested in capital assets	11 328 835	11 639 743	(310 908)	(3)
Restricted	32 174	9 956	22 218	223
Unrestricted	2 911 320	2 732 418	178 902	7
TOTAL NET POSITION	\$ 14 272 329	\$ 14 382 117	\$ (109 788)	

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide Statement of Net Position of \$14,272,329 at August 31, 2024 results from several factors.

Net investment in capital assets (\$11,328,835 or 80 percent of net position) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, and furniture and equipment) less any related debt used to acquire those assets that are still outstanding. 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 any related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District did not have any debt liabilities for capital assets at fiscal year-end.

The remaining balance of unrestricted net position (\$2,911,320 or 20 percent of net position) may be used to meet the District's ongoing obligations to students and creditors, and \$32,174 is restricted for use by state and federal grants.

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

	GOVERNMENTAL ACTIVITIES			
	2024	2023	Increase (Decrease)	
	Amount	Amount	Amount	%
Revenues:				
Program Revenues:				
Charges for services	\$ 175 178	\$ 90 961	\$ 84 217	93
Operating grants and contributions	1 326 769	2 527 578	(1 200 809)	(48)
General Revenues:				
Property taxes	3 274 698	3 937 392	(662 694)	(17)
Grants and contributions	2 716 781	1 885 647	831 134	44
Investment earnings	207 305	28 373	178 932	631
Other	20 814	13 154	7 660	58
TOTAL REVENUES	<u>7 721 545</u>	<u>8 483 105</u>	<u>(761 560)</u>	
Expenses:				
Instruction	4 208 496	5 036 747	(828 251)	(16)
Instructional resources and media services	62 284	79 453	(17 169)	(22)
Curriculum and instructional staff development	4 873	4 618	255	6
Instructional leadership	16 393	25 168	(8 775)	(35)
School leadership	366 400	458 037	(91 637)	(20)
Guidance, counseling, and evaluation services	155 093	192 020	(36 927)	(19)
Health services	77 434	78 957	(1 523)	(2)
Student transportation	202 647	210 208	(7 561)	(4)
Food services	403 338	462 290	(58 952)	(13)
Extracurricular activities	405 615	392 911	12 704	3
General administration	733 805	649 528	84 277	13
Plant maintenance and operations	740 456	924 573	(184 117)	(20)
Security and monitoring services	255 933	11 918	244 015	2 047
Data processing services	89 920	99 969	(10 049)	(10)
Facilities repair and maintenance	7 330	14 467	(7 137)	100
Payments related to shared service arrangements	101 316	111 341	(10 025)	(9)
TOTAL EXPENSES	<u>7 831 333</u>	<u>8 752 205</u>	<u>(920 872)</u>	
CHANGE IN NET POSITION	\$ <u>(109 788)</u>	\$ <u>(269 100)</u>	\$ <u>159 312</u>	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$4,043,550) represents 52 percent of total revenues and property taxes \$3,274,698 represent 42 percent of total revenue. The remaining 6 percent is generated from charges for services, investment earnings, and miscellaneous.

The primary functional expense of the District is Instruction \$4,208,496, which represents 54 percent of total expenses. Plant maintenance and operations \$740,456 represents 9 percent of total expenses. The remaining functional categories of expenses are less than 37 percent of total expenses. There were no significant differences in individual categories of functional expenditures.

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.

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 a District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,586,731, an increase of \$239,792 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,554,557, which is also the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Fund balance represents 77 percent of total general fund expenditures. The fund balance of the District's general fund increased by \$217,574 during the current fiscal year.

General Fund Budgetary Highlights

The District amended the budget several times throughout the year. There were no significant variations between original and final budget.

There were no significant variations between final budget and actual results.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2024, amounts to \$11,471,607 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, furniture and equipment and capital leased assets.

Major capital asset addition during the current fiscal year included the purchase of a new bus.

Brookeland Independent School District's Capital Assets
(net of depreciation)

	Governmental Activities			
	2024	2023	Increase (Decrease)	
	Amount	Amount	Amount	%
Land and improvements	\$ 164 310	\$ 164 310	\$ -	-
Buildings and improvements	10 747 886	11 147 251	(399 365)	(4)
Furniture and equipment	285 331	318 497	(33 166)	(10)
Capital leased assets	236 257	54 815	181 442	331
Right of use assets	37 823	73 216	(35 393)	100
TOTAL	\$ 11 471 607	\$ 11 758 089	\$ (286 482)	

Construction Commitments

Additional information on the District's capital assets can be found in notes to the financial statements as noted in the table of contents of this report.

Long-term Liabilities

At year-end, the District had the following long-term liabilities:

Brookeland Independent School District's Outstanding Noncurrent Liabilities

	Governmental Activities			
	2024	2023	Increase (Decrease)	
	Amount	Amount	Amount	%
Net pension liability	\$ 1 605 710	\$ 1 251 487	\$ 354 223	28
Net OPEB liability	699 438	732 423	(32 985)	(5)
SBITA payable	37 695	70 786	(33 091)	(47)
Capital lease	105 077	47 560	57 517	121
BALANCE OF DEBT, END OF YEAR	\$ 2 447 920	\$ 2 102 256	\$ 345 664	

Additional information on the District's pension and OPEB liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Current enrollment totals 382 students.
- District staff totals 70 employees, which include teachers, teachers' aides and secretaries.
- The District maintains two campuses for instruction.
- Property values of the District are projected to remain similar to current fiscal year for the 2024-2025 fiscal year.
- A maintenance and operations tax rate of \$.6674 was adopted for 2024-2025.

All of these factors were considered in preparing the District's budget for the 2024-2025 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager, Brookeland Independent School District, 187 Wildcat Walk, Brookeland, Texas, 75931.

BASIC FINANCIAL STATEMENTS

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2024

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 4 606 391
1220	Property taxes receivable	746 281
1230	Allowance for uncollectable taxes	(37 314)
1240	Due from other governments	225 064
1250	Accrued interest	1 647
1290	Other receivable	15 000
	Capital Assets:	
1510	Land and improvements; net	164 310
1520	Buildings and improvements, net	10 747 886
1530	Furniture and equipment, net	285 331
1540	Leased assets, net	236 257
1550	Right of use asset, net	37 823
1000	TOTAL ASSETS	<u>17 028 676</u>
	DEFERRED OUTFLOWS	
	Deferred outflows - Pension	1 156 299
	Deferred outflows - OPEB	252 784
1700	TOTAL DEFERRED OUTFLOWS	<u>1 409 083</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>18 437 759</u>
	LIABILITIES	
2110	Accounts payable	34 404
2160	Accrued wages payable	190 034
2200	Other accrued expenses	36 933
2501	Due in one year	68 164
	Noncurrent Liabilities:	
2502	Due in more than one year	74 608
2540	Net pension liability	1 605 710
2545	Net OPEB liability	699 438
2000	TOTAL LIABILITIES	<u>2 709 291</u>
	DEFERRED INFLOWS	
	Deferred inflows - Pension	333 163
	Deferred inflows - OPEB	1 122 976
2600	TOTAL DEFERRED INFLOWS	<u>1 456 139</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>4 165 430</u>
	NET POSITION	
3200	Net investment in capital assets	11 328 835
3820	Restricted for Federal and State programs	32 174
3900	Unrestricted	2 911 320
3000	TOTAL NET POSITION	<u>\$ 14 272 329</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
			3 CHARGES FOR SERVICES	4 OPERATING GRANTS AND CONTRIBUTIONS	
	Governmental Activities:				
11	Instruction	\$ 4 208 496	\$ -	\$ 736 558	\$ (3 471 938)
12	Instruction resources and media services	62 284	-	5 959	(56 325)
13	Curriculum and staff development	4 873	-	119	(4 754)
21	Instructional leadership	16 393	-	-	(16 393)
23	School leadership	366 400	-	53 402	(312 998)
31	Guidance, counseling, and evaluation services	155 093	-	34 545	(120 548)
33	Health services	77 434	-	-	(77 434)
34	Student transportation	202 647	-	-	(202 647)
35	Food services	403 338	79 546	13 882	(309 910)
36	Extracurricular activities	405 615	95 632	186 438	(123 545)
41	General administration	733 805	-	20 816	(712 989)
51	Plant maintenance and operations	740 456	-	73 245	(667 211)
52	Security and monitoring	255 933	-	49 615	(206 318)
53	Data processing services	89 920	-	152 190	62 270
81	Capital outlay	7 330	-	-	(7 330)
93	Payments related to shared services arrangements	101 316	-	-	(101 316)
TG	TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>7 831 333</u>	\$ <u>175 178</u>	\$ <u>1 326 769</u>	<u>(6 329 386)</u>
	General Revenues:				
MT	Property taxes, levied for general purposes				3 274 698
GC	Grants and contributions not restricted				2 716 781
IE	Investment earnings				207 305
MI	Miscellaneous				20 814
TR	TOTAL GENERAL REVENUES				<u>6 219 598</u>
CN	CHANGE IN NET POSITION				(109 788)
NB	Net position - Beginning				14 382 117
NE	NET POSITION - ENDING				\$ <u>14 272 329</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2024

EXHIBIT C-1

DATA CONTROL CODES		10 GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98 TOTAL GOVERN- MENTAL FUNDS
	ASSETS			
1110	Cash and cash equivalent	\$ 4 534 703	\$ 71 688	\$ 4 606 391
1220	Property taxes receivable	746 281	-	746 281
1230	Allowance for uncollectible taxes	(37 314)	-	(37 314)
1240	Due from other governments	216 183	8 881	225 064
1250	Accrued interest	1 647	-	1 647
1260	Due from other funds	12 630	9 679	22 309
1290	Other receivables	15 000	-	15 000
1000	TOTAL ASSETS	<u>\$ 5 489 130</u>	<u>\$ 90 248</u>	<u>\$ 5 579 378</u>
	LIABILITIES			
	Liabilities:			
2110	Accounts payable	\$ 19 617	\$ 14 787	\$ 34 404
2160	Accrued wages payable	173 040	16 994	190 034
2170	Due to other funds	-	22 309	22 309
2200	Other accrued expense	32 949	3 984	36 933
2000	TOTAL LIABILITIES	<u>225 606</u>	<u>58 074</u>	<u>283 680</u>
	DEFERRED INFLOWS			
2600	Unavailable revenue	708 967	-	708 967
	TOTAL DEFERRED INFLOWS	<u>708 967</u>	<u>-</u>	<u>708 967</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>934 573</u>	<u>58 074</u>	<u>992 647</u>
	FUND BALANCE			
3450	Federal/state funds grant restrictions	-	32 174	32 174
3600	Unassigned	4 554 557	-	4 554 557
3000	TOTAL FUND BALANCE	<u>4 554 557</u>	<u>32 174</u>	<u>4 586 731</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 5 489 130</u>	<u>\$ 90 248</u>	<u>\$ 5 579 378</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
August 31, 2024

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$ 4 586 731
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not reported in the funds.	11 471 607
Property taxes receivable unavailable to pay for current period expenditures are recorded as unavailable in the funds.	708 967
Capital leases and SBITA payable are not reported in the funds	(142 772)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1 605 710)
Deferred resource outflows related to the pension plan are not reported in the funds.	1 156 299
Deferred resource inflows related to the pension plan are not reported in the funds.	(333 163)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(699 438)
Deferred resource outflow related to the OPEB plan are not reported in the funds.	252 784
Deferred resource inflows related to the OPEB plan are not reported in the funds.	<u>(1 122 976)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$ <u>14 272 329</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

EXHIBIT C-2

DATA CONTROL CODES		10 GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98 TOTAL GOVERN- MENTAL FUNDS
	Revenues:			
5700	Local and intermediate sources	\$ 3 433 802	\$ 160 487	\$ 3 594 289
5800	State program revenues	1 188 375	183 372	1 371 747
5900	Federal program revenues	1 528 406	301 914	1 830 320
5020	TOTAL REVENUES	<u>6 150 583</u>	<u>645 773</u>	<u>6 796 356</u>
	Expenditures:			
0011	Instruction	3 099 190	215 194	3 314 384
0012	Instructional resources and media services	43 693	-	43 693
0013	Curriculum and staff development	2 267	119	2 386
0021	Instructional leadership	16 393	-	16 393
0023	School leadership	283 893	-	283 893
0031	Guidance, counseling and evaluation services	107 386	-	107 386
0033	Health services	71 768	-	71 768
0034	Student transportation	141 312	-	141 312
0035	Food services	-	354 907	354 907
0036	Extracurricular activities	280 304	58 706	339 010
0041	General administration	622 740	6 678	629 418
0051	Plant maintenance and operations	813 221	-	813 221
0052	Security and monitoring services	8 822	276 328	285 150
0053	Data processing services	30 101	-	30 101
0081	Capital outlay	37 226	-	37 226
0093	Payments to shared service arrangements	101 316	-	101 316
6030	TOTAL EXPENDITURES	<u>5 659 632</u>	<u>911 932</u>	<u>6 571 564</u>
1100	EXCESS (DEFICIT) REVENUE OVER (UNDER) EXPENDITURES	<u>490 951</u>	<u>(266 159)</u>	<u>224 792</u>
	Other Financing Sources and (Uses):			
7915	Transfers in	-	288 377	288 377
7949	Other - Insurance proceeds	15 000	-	15 000
8911	Transfers out	(288 377)	-	(288 377)
7080	TOTAL OTHER FINANCING SOURCES	<u>(273 377)</u>	<u>288 377</u>	<u>15 000</u>
1200	NET CHANGE IN FUND BALANCES	217 574	22 218	239 792
0100	Fund balances - Beginning	<u>4 336 983</u>	<u>9 956</u>	<u>4 346 939</u>
3000	FUND BALANCES - ENDING	<u>\$ 4 554 557</u>	<u>\$ 32 174</u>	<u>\$ 4 586 731</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024

EXHIBIT C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 239 792
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays and asset disposals are not reported as expenses in the SOA.	227 528
The depreciation of capital assets used in governmental activities is not reported in the funds.	(514 010)
Certain property tax revenues are recorded as unearned in the funds. This is the change in these amounts this year.	68 706
Capital leases and SBITA payable are recorded as liabilities in the SOA	(24 426)
Expense related to changes in the pension liability and amortization of deferred inflows and outflows are not recognized at the fund level.	(271 324)
Expense related to changes in the OPEB liability and amortization of deferred inflows and outflows are not recognized at the fund level.	<u>163 946</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$ <u>(109 788)</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2024

EXHIBIT E-1

	CUSTODIAL FUNDS STUDENT ACTIVITY
ASSETS	
Cash and cash equivalents	\$ 13 234
TOTAL ASSETS	\$ 13 234
NET POSITION	
Restricted net position	\$ 13 234
TOTAL NET POSITION	\$ 13 234

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2024

EXHIBIT E-2

	CUSTODIAL FUND
Additions:	
Fundraising revenue	\$ 65 441
TOTAL ADDITIONS	<u>65 441</u>
Deductions:	
Student activities	<u>97 751</u>
TOTAL DEDUCTIONS	<u>97 751</u>
CHANGE IN NET POSITION	(32 310)
Beginning net position	<u>45 544</u>
ENDING NET POSITION	<u>\$ 13 234</u>

The accompanying notes are an integral part of this statement.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Brookeland Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The *fiduciary fund* accounts for assets held by the District for student organizations. The fund is custodial in nature.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 District 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 required under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Deposits and Investments

Investments for the District, except for the investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with the appropriate state laws and regulations and are reported at amortized cost or net asset value; i.e., fair value. Non-negotiable certificates of deposit are reported at cost.

3. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	10-40
Furniture and equipment	5-40

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
 - Property taxes are recognized in the period the amount becomes available.
6. **Compensated Absences**
The District does not have a liability for unused state and local leave at year-end due to the District's policy does not allow such a benefit when an employee separates from service with the District.
7. **Net Position Flow Assumption**
Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bonds or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.
It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.
8. **Fund Balance Flow Assumption**
Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
9. **Fund Balance Policies**
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).
The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.
Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments general exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
10. **Pensions**
The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 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 Pension Plan 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.
11. **Other Postemployment Benefits**
The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 postemployment 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.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Appraisal District as of January 1 of each year. Prior to September 1 each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of January 1 of each year.

H. 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have any outstanding encumbrances at August 31, 2024.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation. (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy dictates that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2024, District's deposits were insured and collateralized with securities held by the District's agent and in the District's name.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered in the District's name or the investments are held by the District or its agent in the District's name.

B. Receivables

Tax revenues of the general fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$	37,314
TOTAL CHANGE IN UNCOLLECTIBLES OF THE CURRENT FISCAL YEAR	\$	<u>37,314</u>

C. Interfund Receivables, Payables and Transfers

1. Receivables/Payables

The composition of interfund balances as of August 31, 2024 is as follows:

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General fund	\$ 12,630	\$ -
Special revenue funds	9,679	22,309
TOTAL - ALL FUNDS	\$ <u>22,309</u>	\$ <u>22,309</u>

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Interfund balances consist of short-term lending/borrowing arrangements that generally result primarily from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the fiscal year ended August 31, 2024.

TRANSFER FROM	TRANSFER TO	AMOUNT
General Fund	Nonmajor Governmental Funds	\$ 288 377
TOTAL		<u>\$ 288 377</u>

The transfers were made from the general fund to the other governmental fund - national school breakfast and lunch program to cover the fund's deficit. The transfers from the general fund to the capital projects fund were to establish the capital projects fund to track construction-related expenditures.

D. Capital Assets

Capital asset activity for the district for the year ended August 31, 2024 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 164 310	\$ -	\$ -	\$ 164 310
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>164 310</u>	<u>-</u>	<u>-</u>	<u>164 310</u>
Capital Assets Being Depreciated:				
Buildings and improvements	15 374 940	24 895	-	15 399 835
Furniture and equipment	1 395 128	202 633	-	1 597 761
Leased assets	105 955	-	-	105 955
Right of use assets	106 179	-	-	106 179
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>16 982 202</u>	<u>227 528</u>	<u>-</u>	<u>17 209 730</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4 227 689)	(399 365)	-	(4 627 054)
Furniture and equipment	(1 076 631)	(58 061)	-	(1 134 692)
Leased assets	(51 140)	(21 191)	-	(72 331)
Right of use assets	(32 963)	(35 393)	-	(68 356)
TOTAL ACCUMULATED DEPRECIATION	<u>(5 388 423)</u>	<u>(514 010)</u>	<u>-</u>	<u>(5 902 433)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>11 593 779</u>	<u>(286 482)</u>	<u>-</u>	<u>11 307 297</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 11 758 089</u>	<u>\$ (286 482)</u>	<u>\$ -</u>	<u>\$ 11 471 607</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 255 316
12	Instructional resources and media services	11 872
13	Curriculum and instructional staff development	2 487
23	School leadership	22 290
31	Guidance, counseling, and evaluation services	8 753
33	Health services	5 666
34	Student transportation	45 682
35	Food services	15 513
36	Extracurricular activities	43 133
41	General administration	28 201
51	Plant maintenance and operations	38 955
52	Security and monitoring	749
53	Data processing	35 393
	TOTAL DEPRECIATION EXPENSE	<u>\$ 514 010</u>

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Leases Payable

LEASE	INTEREST RATE	TERM	BALANCE 08/31/2023	ADDITIONS	DECREASES	BALANCE 08/31/2024
Quadient Lease - Postage	1.600	60 months	\$ 12 410	\$ -	\$ (3 427)	\$ 8 983
Xerox - B8065H	2.000	60 months	5 847	-	(5 847)	-
Xerox - B9100 (HS)	0.600	60 months	13 535	-	(13 535)	-
Xerox - B9100 (Elem)	0.600	60 months	8 540	-	(8 540)	-
Xerox - C8135H	1.200	60 months	7 228	-	(7 228)	-
Cannon	3.380	63 months	-	122 186	(26 092)	96 094
TOTAL CAPITAL LEASES			\$ 47 560	\$ 122 186	\$ (64 669)	\$ 105 077

F. Subscription Based IT Assets Payable

RIGHT OF USE ASSETS	INTEREST RATE	TERM	BALANCE 08/31/2022	ADDITIONS	DECREASES	BALANCE 08/31/2023
ASCENDER	3.14	3 years	\$ 48 820	\$ -	\$ (22 877)	\$ 25 943
ezTask Website	3.43	3 years	18 366	-	(8 553)	9 813
Raptor Technology	3.86	3 years	3 600	-	(1 661)	1 939
TOTAL RIGHT OF USE ASSETS			\$ 70 786	\$ -	\$ (33 091)	\$ 37 695

PERIOD ENDING AUGUST 31	LEASES PAYABLE		RIGHT OF USE ASSETS		
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2025	\$ 30 469	\$ 2 951	\$ 37 695	\$ 1 226	\$ 72 341
2026	31 452	2 895	-	-	34 347
2027	30 836	957	-	-	31 793
2028	12 320	104	-	-	12 424
TOTALS	\$ 105 077	\$ 6 907	\$ 37 695	\$ 1 226	\$ 150 905

NOTE 4 - OTHER INFORMATION

A. Risk Management

Property Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurances. In addition, there were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three fiscal years.

Workers' Compensation and Property/Liability Losses

The District participates in the Texas Association of School Boards Risk Management Fund ("Fund") Workers' Compensation and Property/Liability Program. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its coverages and transfers the risk to the Fund. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the pool. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

During the fiscal year, ended August 31, 2024, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$350 per month, per employee to the Plan. Employees, at their opinion, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2024, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

C. Defined Benefit Pension Plan

Plan Description:

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

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

Pension Plan Fiduciary Net Position:

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; 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 in (A) above.

Contributions:

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2023 and 2024.

	CONTRIBUTION RATES	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Employer Contributions		\$ 108 908
Member Contributions		\$ 276 420
NECE On-behalf Contributions		\$ 208 099

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).

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions:

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

Valuation Date	August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases	3.95% to 8.95% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate:

The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.91%. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

ASSET CLASS		TARGET** ALLOCATION	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN***	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS
Global Equity	U.S.A.	18%	4.0%	1.0%
	Non-U.S. Developed	13%	4.5%	0.9%
	Emerging Markets	9%	4.8%	0.7%
	Private Equity*	14%	7.0%	1.5%
Stable Value	Government Bonds	16%	2.5%	0.5%
	Absolute Return*	- %	3.6%	- %
Real Return	Stable Value Hedge Funds	5%	4.1%	0.2%
	Real Estate	15%	4.9%	1.1%
	Energy, Natural Resources, and Infrastructure	6%	4.8%	0.4%
	Commodities	- %	4.4%	- %
Risk Parity	Risk Parity	8%	4.5%	0.4%
Asset Allocation Leverage	Cash	2%	3.7%	- %
	Asset Allocation Leverage	(6)%	4.4%	(0.1)%
	Inflation Expectation			2.3%
	Volatility Drag****			(0.9)%
Expected Return		100%		8.0%

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2023 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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

For the fiscal year ended August 31, 2023, the annual money-weighted rate of return on pension plan investments was 7.0 percent. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (6.00%)	DISCOUNT RATE (7.00%)	1% INCREASE IN DISCOUNT RATE (8.00%)
District proportionate share of the net pension liability	\$ 2 400 625	\$ 1 605 710	\$ 944 373

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

At August 31, 2024, the District reported a liability of \$1,605,710 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1 605 710
State's proportionate share that is associated with the District	2 780 876
TOTAL	\$ 4 386 586

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023 the District's proportion of the collective net pension liability was 0.0023% which was an increase of 0.0002% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation - The following changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

The total pension liability as of August 31, 2023 was developed using a roll-forward method from the August 31, 2022 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2023.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate was unchanged at 7.00 percent.

The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

For the year ended August 31, 2024, the District recognized pension expense of \$419,888 and revenue of \$419,888 for support provided by the State.

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 57 212	\$ 19 443
Changes in actuarial assumptions	151 869	37 166
Difference between projected and actual investment earnings	501 736	268 066
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	336 574	8 488
Contributions paid to TRS subsequent to the measurement date	108 908	-
TOTAL	\$ 1 156 299	\$ 333 163

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

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2025	\$ 189 785
2026	\$ 160 557
2027	\$ 259 365
2028	\$ 86 191
2029	\$ 18 330
Thereafter	\$ -

D. Defined Other Post-Employment Benefit Plan

Plan Description:

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position:

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling 512.542.6592.

Benefits Provided:

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees			
January 1, 2023 - December 31, 2023			
	Medicare		Non-Medicare
Retiree*	\$ 135	\$	200
Retiree and Spouse	529		689
Retiree* and Children	468		408
Retiree and Family	1 020		999

* or surviving spouse

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

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% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. 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.

	<u>Contribution Rates</u>	
	2023	2024
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions		\$ 26 429
Member Contributions		\$ 21 779
NECE On-behalf Contributions		\$ 33 071

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

Actuarial Assumptions:

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

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2018.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection, the ultimate improvement rates from the most recently published projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Election Rates	Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Aging Factors	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Expenses	Based on plan specific experience. Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation:

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

Discount Rate:

A single discount rate of 4.13% was used to measure the total OPEB liability. There was a change of 0.22% 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the Net OPEB Liability	\$ 823 792	\$ 699 438	\$ 597 962

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 assumed 4.25% rate is used.

	1% Decrease in Healthcare Trend Rate (3.25%)	Current Single Healthcare Trend Rate (4.25%)	1% Increase in Healthcare Trend Rate (5.25%)
District's proportionate share of the Net OPEB Liability	\$ 575 952	\$ 699 438	\$ 858 403

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:

At August 31, 2024, the District reported a liability of \$699,438 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide 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	\$ 699 438
State's proportionate share that is associated with District	843 979
TOTAL	\$ 1 543 417

The Net OPEB Liability was measured as of August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.00316% which is an increase of 0.00010% from measurement at August 31, 2022.

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

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change increased the TOL.
2. The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
3. The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
4. The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
5. Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended August 31, 2024, the District recognized OPEB expense of \$180,425 and revenue of \$180,425 for support provided by the State.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 31 644	\$ 588 444
Changes in actuarial assumptions	95 468	428 284
Difference between projected and actual investment earnings	1 591	1 288
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	97 652	104 960
Contributions paid to TRS subsequent to the measurement date	26 429	-
TOTAL	\$ 252 784	\$ 1 122 976

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:

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2025	\$ (195 167)
2026	\$ (163 088)
2027	\$ (119 657)
2028	\$ (142 564)
2029	\$ (112 776)
Thereafter	\$ (163 369)

The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care received payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. For the fiscal years ended August 31, 2024, 2023 and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$18,875, \$18,512 and \$13,352, respectively.

E. Joint Venture-Sharing Service Arrangement

The District participates in the following shared service arrangement:

Sabine County Special Education

The District participates in a shared services arrangement which provides service for special education students, funded under TEC Section 29.007, TGC 791.001. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Hemphill ISD, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2024 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON - GENERAL FUND
For the Year Ended August 31, 2024

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 3 365 000	\$ 3 365 000	\$ 3 433 802	\$ 68 802
5800	State program revenues	1 345 860	1 345 860	1 188 375	(157 485)
5900	Federal program revenues	1 489 452	1 489 452	1 528 406	38 954
5020	TOTAL REVENUES	<u>6 200 312</u>	<u>6 200 312</u>	<u>6 150 583</u>	<u>(49 729)</u>
	Expenditures:				
0011	Instruction	3 555 681	3 523 288	3 099 190	424 098
0012	Instructional resources and media services	51 614	51 614	43 693	7 921
0013	Curriculum and staff development	9 000	9 000	2 267	6 733
0021	Instructional leadership	10 000	16 393	16 393	-
0023	School leadership	330 627	300 627	283 893	16 734
0031	Guidance, counseling and evaluation services	108 782	108 782	107 386	1 396
0033	Health services	73 126	73 126	71 768	1 358
0034	Student transportation	139 927	139 927	141 312	(1 385)
0036	Co-curricular/extracurricular activities	292 128	293 128	280 304	12 824
0041	General administration	622 834	653 184	622 740	30 444
0051	Plant maintenance and operations	898 732	908 382	813 221	95 161
0052	Security and monitoring services	11 000	11 000	8 822	2 178
0053	Data processing services	30 861	30 861	30 101	760
0081	Facilities acquisition and construction	54 500	39 500	37 226	2 274
0093	Payments to fiscal agents	111 500	111 500	101 316	10 184
6030	TOTAL EXPENDITURES	<u>6 300 312</u>	<u>6 270 312</u>	<u>5 659 632</u>	<u>610 680</u>
1100	EXCESS (DEFICIT) REVENUE OVER (UNDER) EXPENDITURES	<u>(100 000)</u>	<u>(70 000)</u>	<u>490 951</u>	<u>560 951</u>
	Other Financing Sources and (Uses):				
7915	Transfers in	100 000	100 000	-	(100 000)
7949	Other - Insurance proceeds	-	-	15 000	15 000
8911	Transfers out	<u>(30 000)</u>	<u>(30 000)</u>	<u>(288 377)</u>	<u>(258 377)</u>
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>70 000</u>	<u>70 000</u>	<u>(273 377)</u>	<u>(343 377)</u>
1200	NET CHANGE IN FUND BALANCES	<u>(30 000)</u>	<u>-</u>	<u>217 574</u>	<u>217 574</u>
0100	Fund balances - Beginning	<u>4 336 983</u>	<u>4 336 983</u>	<u>4 336 983</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ 4 306 983</u>	<u>\$ 4 336 983</u>	<u>\$ 4 554 557</u>	<u>\$ 217 574</u>

See independent auditor's report.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0023%	0.0021%	0.0020%	0.0018%	0.0007%	0.0008%	0.0008%	0.0008%	0.0009%	0.00128%
District's proportionate share of the net pension liability (asset)	\$ 1 605 710	\$ 1 251 487	\$ 517 257	\$ 943 177	\$ 387 870	\$ 464 558	\$ 264 174	\$ 318 756	\$ 328 990	\$ 342 921
State's proportionate share of the net pension liability (asset) associated with the District	2 780 876	2 514 891	1 187 351	2 604 475	2 406 130	2 700 556	1 612 043	2 034 579	1 935 693	1 530 510
TOTAL	\$ 4 386 586	\$ 3 766 378	\$ 1 704 608	\$ 3 547 652	\$ 2 794 000	\$ 3 165 114	\$ 1 876 217	\$ 2 353 335	\$ 2 264 683	\$ 1 873 431
District's covered-employee payroll	\$ 3 610 246	\$ 3 268 444	\$ 3 098 181	\$ 3 094 576	\$ 2 833 462	\$ 2 889 097	\$ 2 820 717	\$ 2 844 756	\$ 2 754 905	\$ 2 588 402
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.48%	38.29%	16.70%	30.48%	13.69%	16.08%	9.37%	11.21%	11.94%	13.25%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

See independent auditor's report.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-3

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 108 908	\$ 118 362	\$ 95 064	\$ 86 825	\$ 70 628	\$ 23 732	\$ 28 446	\$ 27 078	\$ 26 402	\$ 27 600
Contributions in relation to the contractually required contribution	(108 908)	(118 362)	(95 064)	(86 825)	(70 628)	(23 732)	(28 446)	(27 078)	(26 402)	(27 600)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3 350 548	\$ 3 610 246	\$ 3 268 444	\$ 3 098 181	\$ 3 094 576	\$ 2 833 462	\$ 2 889 097	\$ 2 820 717	\$ 2 844 756	\$ 2 754 905
Contributions as a percentage of covered- employee payroll	3.25%	3.28%	2.91%	2.80%	2.28%	0.84%	0.98%	0.96%	0.93%	1.00%

See independent auditor's report.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF OPEB LIABILITY
AND DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-4

District's Proportionate Share of Liability	2023	2022	2021	2020	2019	2018	2017
District's proportion of the OPEBL	0.0032%	0.0031%	0.00315%	0.0032%	0.0031%	0.0033%	0.0032%
District's proportionate share of the OPEBL	\$ 699 438	\$ 732 423	\$ 1 216 841	\$ 1 213 552	\$ 1 485 257	\$ 1 648 641	\$ 1 373 339
State share of the OPEBL associated with the District	843 979	893 441	1 630 296	1 630 723	1 973 574	2 549 639	2 271 126
TOTAL	\$ 1 543 417	\$ 1 625 864	\$ 2 847 137	\$ 2 844 275	\$ 3 458 831	\$ 4 198 280	\$ 3 644 465
District's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 3 383 821	\$ 3 111 042	\$ 3 098 181	\$ 3 094 576	\$ 2 833 462	\$ 2 889 097	\$ 2 820 717
Proportionate share/covered payroll	20.67%	23.54%	39.28%	39.22%	52.42%	57.06%	48.69%
Plan fiduciary net position/total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

District Contributions	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 26 429	\$ 26 840	\$ 24 343	\$ 24 235	\$ 23 887	\$ 21 787	\$ 22 380
Contributions to required contribution	(26 429)	(26 840)	(24 343)	(24 235)	(23 887)	(21 787)	(22 380)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3 350 548	\$ 3 383 821	\$ 3 111 042	\$ 3 098 181	\$ 3 094 576	\$ 2 833 462	\$ 2 889 097
Contributions to covered payroll	0.79%	0.79%	0.78%	0.78%	0.77%	0.77%	0.77%

Information provided by the Teacher Retirement System of Texas.

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

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2024

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund and the national school breakfast and lunch program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after 10 days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end and will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2024, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Child Nutrition	Food	\$ 319 073	\$ 354 907	\$ (35 834)
General	Student transportation	\$ 139 927	\$ 141 312	\$ (1 385)

COMBINING STATEMENTS
AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

DATA CONTROL CODES		211 ESEA, TITLE I PART A - IMPROVING BASIC PROGRAMS	240 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM	244 CARL PERKINS GRANT	255 TITLE II PART A, TRAINING AND RECRUITING	269 SMALL SCHOOL GRANT
	ASSETS					
1110	Cash and cash equivalents	\$ 13 965	\$ -	\$ 5 856	\$ 18 549	\$ -
1240	Due from other governments	-	8 881	-	-	-
1260	Due from other funds	-	9 679	-	-	-
1000	TOTAL ASSETS	<u>\$ 13 965</u>	<u>\$ 18 560</u>	<u>\$ 5 856</u>	<u>\$ 18 549</u>	<u>\$ -</u>
	LIABILITIES					
2110	Accounts payable	\$ -	\$ 7 787	\$ -	\$ -	\$ -
2160	Accrued wages payable	8 661	8 333	-	-	-
2170	Due to other funds	3 762	-	-	18 547	-
2210	Other accrued expenses	1 542	2 440	-	2	-
2000	TOTAL LIABILITIES	<u>13 965</u>	<u>18 560</u>	<u>-</u>	<u>18 549</u>	<u>-</u>
	Restricted Fund Balances:					
3450	Federal/State funds grant restrictions	-	-	5 856	-	-
3000	TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>5 856</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13 965</u>	<u>\$ 18 560</u>	<u>\$ 5 856</u>	<u>\$ 18 549</u>	<u>\$ -</u>

See independent auditor's report.

289	410	429	461	480	481	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
TEACHER INCENTIVE	TEXTBOOK ALLOTMENT	SAFETY AND SECURITY	CAMPUS ACTIVITY FUND	BASEBALL AUCTION	BUILD & TRADE SCHOLAR- SHIP	
\$ -	\$ 3 926	\$ -	\$ 22 385	\$ 7	\$ 7 000	\$ 71 688
-	-	-	-	-	-	8 881
-	-	-	-	-	-	9 679
<u>\$ -</u>	<u>\$ 3 926</u>	<u>\$ -</u>	<u>\$ 22 385</u>	<u>\$ 7</u>	<u>\$ 7 000</u>	<u>\$ 90 248</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7 000	\$ 14 787
-	-	-	-	-	-	16 994
-	-	-	-	-	-	22 309
-	-	-	-	-	-	3 984
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 000</u>	<u>58 074</u>
-	3 926	-	22 385	7	-	32 174
<u>-</u>	<u>3 926</u>	<u>-</u>	<u>22 385</u>	<u>7</u>	<u>-</u>	<u>32 174</u>
<u>\$ -</u>	<u>\$ 3 926</u>	<u>\$ -</u>	<u>\$ 22 385</u>	<u>\$ 7</u>	<u>\$ 7 000</u>	<u>\$ 90 248</u>

BROOKELAND INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2024

DATA CONTROL CODES		211 ESEA, TITLE I PART A - IMPROVING BASIC PROGRAMS	240 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM	244 CARL PERKINS GRANT	255 TITLE II PART A, TRAINING AND RECRUITING	269 SMALL SCHOOL GRANT
	Revenues:					
5700	Local and intermediate sources	\$ -	\$ 79 546	\$ -	\$ -	\$ -
5800	State program revenues	-	11 523	-	-	-
5900	Federal program revenues	125 733	145 722	-	666	24 332
5020	TOTAL REVENUES	125 733	236 791	-	666	24 332
	Expenditures:					
0011	Instruction	132 563	-	-	20 034	24 332
0013	Curriculum and staff development	119	-	-	-	-
0035	Food services	-	354 907	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0041	General administration	4 680	-	-	998	-
0052	Security and monitoring services	13 794	-	-	-	-
6030	TOTAL EXPENDITURES	151 156	354 907	-	21 032	24 332
1100	EXCESS (DEFICIENCY) REVENUE OVER (UNDER) EXPENDITURES	(25 423)	(118 116)	-	(20 366)	-
	Other Financing Sources and (Uses):					
7915	Transfer in	25 423	118 116	-	20 365	-
7080	TOTAL OTHER FINANCING SOURCES AND (USES)	25 423	118 116	-	20 365	-
1200	NET CHANGE IN FUND BALANCES	-	-	-	(1)	-
0100	Fund balances - Beginning	-	-	5 856	1	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ 5 856	\$ -	\$ -

See independent auditor's report.

289	410	429	461	480	481	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-2)
TEACHER INCENTIVE	TEXTBOOK ALLOTMENT	SAFETY AND SECURITY	CAMPUS ACTIVITY FUND	BASEBALL AUCTION	BUILD & TRADE SCHOLAR- SHIP	
\$ -	\$ -	\$ -	\$ 80 941	\$ -	\$ -	\$ 160 487
-	33 453	138 396	-	-	-	183 372
5 461	-	-	-	-	-	301 914
<u>5 461</u>	<u>33 453</u>	<u>138 396</u>	<u>80 941</u>	<u>-</u>	<u>-</u>	<u>645 773</u>
4 796	33 469	-	-	-	-	215 194
-	-	-	-	-	-	119
-	-	-	-	-	-	354 907
-	-	-	58 556	150	-	58 706
1 000	-	-	-	-	-	6 678
-	-	262 534	-	-	-	276 328
<u>5 796</u>	<u>33 469</u>	<u>262 534</u>	<u>58 556</u>	<u>150</u>	<u>-</u>	<u>911 932</u>
<u>(335)</u>	<u>(16)</u>	<u>(124 138)</u>	<u>22 385</u>	<u>(150)</u>	<u>-</u>	<u>(266 159)</u>
<u>335</u>	<u>-</u>	<u>124 138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288 377</u>
<u>335</u>	<u>-</u>	<u>124 138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288 377</u>
-	(16)	-	22 385	(150)	-	22 218
<u>-</u>	<u>3 942</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>-</u>	<u>9 956</u>
\$ <u>-</u>	\$ <u>3 926</u>	\$ <u>-</u>	\$ <u>22 385</u>	\$ <u>7</u>	\$ <u>-</u>	\$ <u>32 174</u>

OTHER SUPPLEMENTARY INFORMATION

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

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
Fiscal Year Ended August 31, 2024

LAST 10 YEARS ENDED AUGUST 31,	(1) TAX RATES		(2)		(3) ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES	
	MAINTENANCE	DEBT SERVICE				
2015 and prior years	Various	Various			Various	
2016	1.040000	0.000000	\$		206 613 000	
2017	1.040000	0.000000	\$		224 240 481	
2018	1.040000	0.000000	\$		234 612 692	
2019	1.040000	0.000000	\$		237 161 250	
2020	0.970000	0.000000	\$		249 801 250	
2021	0.966400	0.000000	\$		262 150 096	
2022	0.910100	0.000000	\$		351 352 599	
2023	0.944100	0.000000	\$		346 544 116	
2024 (School year under audit)	0.730600	0.000000	\$		437 704 900	
TOTALS						
	Total Refunded					

See independent auditor's report.

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01/2022	(20) CURRENT YEAR'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(40) ENTIRE YEAR'S ADJUSTMENTS	(50) ENDING BALANCE 08/31/2023	(99) TOTAL TAXES REFUNDED UNDER SECTION 26.11159(C)
\$ 262 336	\$ -	\$ 5 518	\$ (30 483)	\$ 226 335	
23 567	-	433	(1 230)	21 904	
25 728	-	485	(1 241)	24 002	
35 314	-	889	(1 233)	33 192	
33 727	-	1 200	(1 015)	31 512	
40 740	-	3 028	(764)	36 948	
51 054	-	6 258	(653)	44 143	
69 543	-	9 049	(2 779)	57 715	
131 950	-	32 830	(8 351)	90 769	
<u>-</u>	<u>3 197 872</u>	<u>3 013 146</u>	<u>(4 965)</u>	<u>179 761</u>	
\$ <u>673 959</u>	\$ <u>3 197 872</u>	\$ <u>3 072 836</u>	\$ <u>(52 714)</u>	\$ <u>746 281</u>	
					\$ <u>-</u>

BROOKELAND INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2024

EXHIBIT J-2

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 125 000	\$ 125 000	\$ 79 546	\$ (41 615)
5800	State program revenues	16 073	16 073	11 523	(4 550)
5900	Federal program revenues	178 000	178 000	145 722	(36 117)
5020	TOTAL REVENUES	<u>319 073</u>	<u>319 073</u>	<u>236 791</u>	<u>(82 282)</u>
	Expenditures:				
0035	Food services	319 073	319 073	354 907	(35 834)
6030	TOTAL EXPENDITURES	<u>319 073</u>	<u>319 073</u>	<u>354 907</u>	<u>(35 834)</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(118 116)</u>	<u>(118 116)</u>
	Other Financing Sources:				
7915	Transfers in	30 000	30 000	118 116	88 116
	TOTAL OTHER FINANCING SOURCES	<u>30 000</u>	<u>30 000</u>	<u>118 116</u>	<u>88 116</u>
1200	NET CHANGE IN FUND BALANCES	30 000	30 000	-	(30 000)
0100	Fund balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ 30 000</u>	<u>\$ 30 000</u>	<u>\$ -</u>	<u>\$ (30 000)</u>

See independent auditor's report.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
STATE SUPPLEMENTAL ALLOTMENT COMPLIANCE
USE OF FUNDS REPORT
For the Year Ended August 31, 2024

EXHIBIT J-4

DATA CONTROL CODES		RESPONSES
	<u>Section A: Compensatory Education Programs</u>	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ <u>298 760</u>
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$ <u>350 223</u>
	<u>Section B: Bilingual Education Programs</u>	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	No
AP6	Does the district have written policies and procedures for its bilingual education program?	No
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ <u>-</u>
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	\$ <u>-</u>

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Brookeland Independent School District
Brookeland, Texas

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governing 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 Brookeland Independent School District (the District) as of and for the fiscal year ended August 31, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. We identified the significant deficiencies noted in Finding 2024-01 and 2024-02.

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

District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the schedule of findings and questioned costs. The District's response was not subject to the other auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
November 14, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *UNIFORM GUIDANCE*

Board of Trustees
Brookeland Independent School District
Brookeland, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion

We have audited Brookeland Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Brookeland Independent School District's major federal programs for the year ended August 31, 2024. Brookeland Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brookeland Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ended August 31, 2024.

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 Brookeland Independent School District and to meet our other 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 Brookeland Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
November 14, 2024

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2024

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

2. Federal Awards

Internal control over major programs:		
Material control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

B. Financial Statement Findings

2024-01 - Segregation of Duties

<i>Condition:</i>	Due to the limited number of personnel, a segregation of certain accounting functions was not possible.
<i>Criteria:</i>	The District continues to establish procedures that would ensure proper segregation of certain accounting functions, especially, to limit the functions of recording, authorizing and custody.
<i>Effect:</i>	As a result, during the audit period, operation of procedures might not have allowed management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
<i>Cause:</i>	The District has limited resources and personnel in the responsibilities and business function.
<i>Recommendation:</i>	We recommend that the Board of Trustees continue to monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner. These actions would mitigate, but not eliminate the risk of misstatement or misappropriation.
<i>Contact:</i>	Superintendent
<i>Timeframe:</i>	Ongoing

2024-02 – Bid Requirements

<i>Condition:</i>	The District did not follow required procedures for cumulative purchases over \$50,000 threshold.
<i>Criteria:</i>	Texas Education Code section 44.031 requires specific procedures and documentation of purchases and cumulative purchases over \$50,000.
<i>Effect:</i>	The District does not have adequate documentation of the bid process for some bids.
<i>Cause:</i>	The District failed to follow the requirements for bids.
<i>Recommendation:</i>	The District should obtain an understanding of the required process for bids and establish procedures to assure future compliance.
<i>Contact:</i>	Maranda Hightower, Business Manager
<i>Timeframe:</i>	Ongoing

C. Federal Award Findings and Questioned Costs

None

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2024

2023-01 - Segregation of Duties

Ongoing issue

BROOKELAND INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2024

2024-01

The Board of Trustees will monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner. These actions would mitigate, but not eliminate the risk of misstatement or misappropriation.

2024-02

The Business Manager will obtain training on bid compliance requirements and review and update if necessary the processes related to bids to assure future compliance.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

Exhibit K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	(2) FEDERAL ALN NUMBER	(3) PASS THROUGH GRANTOR	(4) FEDERAL EXPENDITURES
Child Nutrition Cluster			
Passed through the Texas Department of Agriculture:			
School Breakfast Program	10.553	202421N109946	\$ 24 578
National School Lunch Program	10.555	202420N119946	118 584
TOTAL CHILD NUTRITION CLUSTER			<u>143 162</u>
Food Distribution Cluster			
Passed through the United States Department of Agriculture:			
Commodity Supplemental Food Program	10.565	N/A	2 560
TOTAL FOOD DISTRIBUTION CLUSTER			<u>2 560</u>
Other Programs			
Department of the Interior:			
Flood Control Act Lands	15.433	N/A	10 256
Minerals Leasing Act	15.437	N/A	90 962
National Forest Acquired Lands	15.438	N/A	16 590
TOTAL DEPARTMENT OF THE INTERIOR			<u>117 808</u>
Passed through the Texas Education Agency:			
Title I Grants to Local Educational Agencies	84.010	S010A230043	125 733
Impact Aid	84.041	N/A	1 372 452
Supporting Effective Instruction State Grants	84.367	S367A220041	666
Small Rural School Achievement Program	84.358	S424A220041	24 332
Title IV, Part A	84.424	S424A220045	5 461
TOTAL PASSED THROUGH THE DEPARTMENT OF EDUCATION			<u>1 523 183</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1 792 174</u>

The accompanying notes are an integral part of this schedule.

BROOKELAND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Brookeland Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the preparation of, the general purpose financial statements. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of the specific project period.

2. Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue funds is the current financial resource measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the liability is incurred, except for unmatured interest on long-term debt, which is recognized when matured, and certain compensated absences, pension liability, other post-employment benefits, and claims, which are recognized when the obligations are expected to be liquidated with expendable available resources. Grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred, and, accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned.

3. Availability of Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 30 days beyond the project period ending date.

4. Indirect Cost

The District does not use an indirect cost rate in federal programs.

5. Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 1 792 174
General Fund - Federal Revenue:	
SHARS	38 146
TOTAL FEDERAL REVENUES PER EXHIBIT C-2	<u>\$ 1 830 320</u>

BROOKELAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED
SCHOOL FIRST INDICATORS
As of August 31, 2024

Exhibit L-1

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