

**BROOKS COUNTY
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

Brooks County Independent School District
Annual Financial Report
For The Year Ended August 31, 2025

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Introductory Section

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2025

Elected Officials

<u>Name</u>	<u>Office</u>
JOSE M. LOPEZ	PRESIDENT
VERONICA TIJERINA	VICE-PRESIDENT
TERESA A. SILVAS	SECRETARY
DOMINIQUE C. ALEGRIA	MEMBER
DAVID C. SALINAS	MEMBER
JESSICA M. QUINTANILLA	MEMBER
MARIA E. ANZULADA	MEMBER

Appointed Officials

<u>Name</u>	<u>Position</u>
RICARDO GARCIA	SUPERINTENDENT
ALISSA M. SANCHEZ	FINANCE DIRECTOR

CERTIFICATE OF BOARD

Brooks County Independent School District
Name of School District

Brooks
County

024-901
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, 2025, at a meeting of the board of trustees of such school district on the 18th day of February, 2026.

Teresa Silvas
Signature of Board Secretary

Jose M. Lopez
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)

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Financial Section

GreenGrowth CPAs

Sinton
Texas

Independent Auditor's Report

To the Board of Trustees
Brooks County Independent School District
P O Drawer A
Falfurrias, Texas 78355

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brooks County Independent School District ("the District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Brooks County Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brooks County Independent School District, as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Brooks County 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 Brooks County Independent School District's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brooks County Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The other supplementary 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on February 18, 2026 our consideration of Brooks County Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Brooks County Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

GreenGrowthCPAs

GreenGrowth CPAs

Sinton, Texas
February 18, 2026

Management's Discussion and Analysis

**BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025
UNAUDITED**

This section of Brooks County Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2025. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

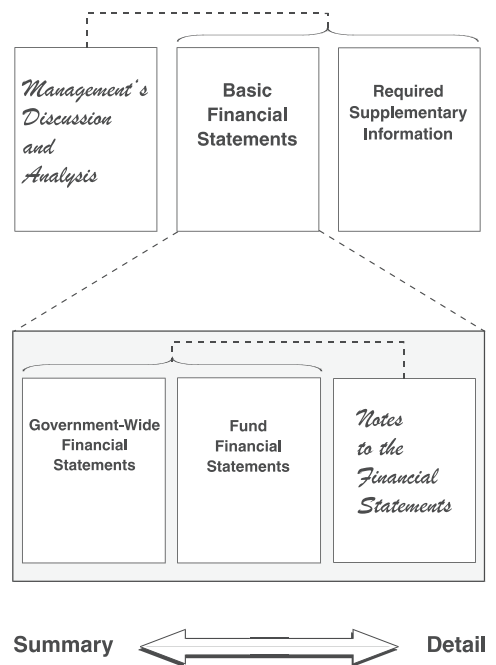
- The District’s total combined net position was \$30,926,521 at August 31, 2025.
- During the year, the District’s expenses were \$7,021,764 less than the \$29,314,143 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$17,893,108.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$30,926,521 at August 31, 2025. (See Table A-1)

Table A-1
Brooks County Independent School District's Net Position

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Current Assets:			
Cash and cash equivalents	15,326,149	14,361,418	6.7%
Current investments	264,968	241,788	9.6%
Property taxes receivable (net)	3,112,266	2,887,879	7.8%
Due from other governments	8,222,709	5,660,377	45.3%
Other receivables (net)	455,914	71,388	538.6%
Inventory	26,160	26,160	0.0%
Total Current Assets:	27,408,166	23,249,010	17.9%
Noncurrent Assets:			
Capital and non-current assets	39,247,843	38,596,391	1.7%
Total noncurrent assets	39,247,843	38,596,391	1.7%
Total Assets	66,656,009	61,845,401	7.8%
Deferred Outflows of Resources:			
Deferred Charge for Refunding	319,625	453,305	-29.5%
Deferred Outflow related to pensions	1,718,662	3,393,153	-49.3%
Deferred Outflow related to OPEB	2,509,896	2,094,998	19.8%
Total Deferred Outflows of Resources	4,548,183	5,941,456	-23.5%
Current Liabilities:			
Accounts payable and accrued liabilities	2,041,483	2,590,456	-21.2%
Due to other governments	51,843	38,716	33.9%
Unearned revenue	73,501	125,402	-41.4%
Total Current Liabilities	2,166,827	2,754,574	-21.3%
Long-term Liabilities:			
Due within one year	2,073,227	1,830,040	13.3%
Due in more than one year	21,397,548	22,890,318	-6.5%
Net pension liability	5,891,263	7,181,713	-18.0%
Net OPEB liability	3,838,367	3,015,108	27.3%
Total Liabilities	35,367,232	37,671,753	-6.1%
Deferred Inflows of Resources:			
Deferred Inflow Related to Pensions	633,143	558,568	13.4%
Deferred Inflow Related to OPEB	4,229,053	5,133,410	-17.6%
Total Deferred Inflows of Resources	4,862,196	5,691,978	-14.6%
Net Position:			
Net Investment in capital assets	16,822,073	14,475,316	16.2%
Restricted	6,446,305	4,399,549	46.5%
Unrestricted	7,658,143	5,548,261	38.0%
Total Net Position	30,926,521	24,423,126	26.6%

The \$7,658,143 of unrestricted net position represents that part of the net position that is not restricted by parties outside the District.

Changes in Net Position

The District's total revenues were \$29,314,143. A significant portion, 22%, of the District's revenue comes from taxes. 52% comes from state aid—formula grants, while only 10% from operating grants, and 12% other.

The total cost of all programs and services was \$22,292,379; 61% of these costs are for instructional and student services.

Governmental Activities

- The Maintenance and Operation tax rate was \$0.8238. The Interest and Sinking property tax rate was \$0.50.

Table A-2
Changes in Brooks County Independent School District's Net Position

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Program Revenues:			
Charges for services	104,252	152,663	-31.7%
Operating grants and contributions	3,009,315	3,463,272	-13.1%
General Revenues:			
Property taxes	6,577,293	6,958,117	-5.5%
Grants and contributions not restricted to specific functions	15,364,713	17,582,414	-12.6%
Investment earnings	856,379	924,114	-7.3%
Other	3,402,191	1,643,861	107.0%
Total Revenues	<u>29,314,143</u>	<u>30,724,441</u>	-4.6%
Expenses:			
Instruction, curriculum and media services	9,780,201	12,016,428	-18.6%
Instructional and school leadership	158,467	1,998,525	-92.1%
Student support services	3,709,595	1,706,708	117.4%
Child nutrition	1,475,455	1,791,575	-17.6%
Cocurricular activities	976,242	857,381	13.9%
General administration	1,039,542	1,351,836	-23.1%
Plant maintenance, security and data processing	4,170,133	4,306,661	-3.2%
Community services	9,797	20,057	-51.2%
Debt service	628,417	759,575	-17.3%

Capital outlay	122,640	39,648	0.0%
Payments to Fiscal Agent/Member Districts of Share Service Arrangement	-	352,337	-100.0%
Other intergovernmental charges	221,890	226,713	-2.1%
Total Expenses	<u>22,292,379</u>	<u>25,427,444</u>	-12.3%
Increase (Decrease) in Net Position	7,021,764	5,296,997	32.6%
Net position, beginning of year	<u>23,904,757</u>	<u>19,126,129</u>	25.0%
Net position, end of year	<u>30,926,521</u>	<u>24,423,126</u>	26.6%

- The cost of all *governmental* activities this year was \$22,292,379.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$6,577,293. Some of the cost was paid by state grants totaling \$15,364,713.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected Brooks County Independent School District Functions

	Total Cost of Services			Net Cost of Services		
	2025	2024	% Change	2025	2024	% Change
Instruction	9,780,201	11,137,745	-12.2%	9,243,606	10,519,009	-12.1%
School Administration	1,039,542	1,351,836	-23.1%	961,436	1,273,187	-24.5%
Plant Maintenance & Operations	4,170,133	3,097,999	34.6%	3,970,555	2,876,032	38.1%
Debt Service - Interest & Fiscal Charges	751,057	759,575	-1.1%	534,357	539,109	-0.9%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$26,424,020, a decrease of 10.27% from the preceding year. The decrease is primarily due to a decrease in federal program revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Actual expenditures were \$1,968,001 under final budget amounts. The most significant positive variance resulted from Instruction expenditures. Resources were over budget by \$727,193.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had a net investment of \$39,247,843 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$651,453.

Table A-4
Brooks County Independent School District's Capital Assets

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Land	705,936	705,936	0.0%
Construction in Progress	1,654,843	-	100%
Buildings and improvements	53,413,942	53,197,213	0.4%
Vehicles	2,042,903	1,851,267	10.4%
Equipment	5,862,372	5,516,836	6.3%
Totals at historical cost	63,679,996	61,271,252	3.9%
Total accumulated depreciation	24,432,153	22,674,862	7.7%
Net capital assets	39,247,843	38,596,390	1.7%

Long-Term Obligations

At year-end the District had \$22,751,007 in bonds outstanding as shown in Table A-5. More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2025:

Table A-5
Brooks County Independent School District's Long-Term Obligations

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Bonds payable	22,751,007	24,581,047	-7.4%
Compensated absences	719,768	139,310	416.7%
Net pension liability	5,891,263	7,181,713	-18.0%

Net OPEB liability	<u>3,838,367</u>	<u>3,015,108</u>	27.3%
Total Long-Term Obligations	<u><u>33,200,405</u></u>	<u><u>34,917,178</u></u>	-4.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The total taxable value of all properties used for the 2026 adopted budget increased by \$6.32 million, or 1.3% from 2025.
- General operating fund spending per student increased in the 2026 budget to \$16,836 from \$14,823 in 2025, a \$2,013 increase.
- The District's 2026 refined average daily attendance is expected to decrease by 107 students from 1,180 in 2025 to approximately 1,073 students in 2026.

These indicators were considered when adopting the general fund budget for 2026. Amounts available for appropriation in the general fund budget are \$18,064,871, an increase of 3.3% above the final 2025 budget of \$17,490,763. Property taxes will decrease by \$387,921 or 9.5% below the prior year due to the passage of Texas Proposition 13 increasing the mandatory homestead exemption from \$100,000 to \$140,000. The 2025 tax rate is \$0.7705 (M&O) and \$0.4748 (I&S). State revenues are expected to increase \$1.26M in the 2025-2026 school year. Expenditures are budgeted to increase to \$18,064,871 from the amended 2025 budget. The largest increase in the 2025-2026 budget involves an increase to instructional payroll costs due to the passage of House Bill 2 (HB2) and the implementation of the Teacher Retention Allotment and Support Staff Retention Allotment .

The District adopted a deficit (\$588,775) General Fund budget for the 2025-2026 school year. In addition, the District amended its 2025-2026 General Fund budget by \$825,120 for the HVAC and building improvements to the High School gym. This amendment will be funded through a prior year committed fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Director, Brooks County ISD, PO Box 589, Falfurrias, TX 78355.

Basic Financial Statements

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 15,326,148
1120	<i>Investments - Current</i>	264,968
1225	<i>Property Taxes Receivable (Net)</i>	3,112,266
1240	<i>Due from Other Governments</i>	8,222,709
1290	<i>Other Receivables (Net)</i>	455,915
1300	<i>Inventories</i>	26,160
Capital Assets:		
1510	<i>Land</i>	705,936
1520	<i>Buildings and Improvements, Net</i>	34,101,162
1530	<i>Furniture and Equipment, Net</i>	2,785,902
1580	<i>Construction in Progress</i>	1,654,843
1000	Total Assets	<u>66,656,009</u>
DEFERRED OUTFLOWS OF RESOURCES:		
1701	<i>Deferred Charged for Refunding</i>	319,625
1705	<i>Deferred Outflow Related to Pensions</i>	1,718,662
1706	<i>Deferred Outflow Related to OPEB</i>	2,509,896
1700	Total Deferred Outflows of Resources	<u>4,548,183</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	1,415,164
2140	<i>Interest Payable</i>	30,912
2160	<i>Accrued Wages Payable</i>	643,650
2180	<i>Due to Other Governments</i>	51,843
2300	<i>Unearned Revenue</i>	73,501
Long-Term Liabilities:		
2501	<i>Due Within One Year</i>	2,073,227
2502	<i>Due in More Than One Year</i>	21,397,548
2540	<i>Net Pension Liabilities</i>	5,891,263
2545	<i>Net Other Post-Employment Benefits Liability</i>	3,838,367
2000	Total Liabilities	<u>35,415,475</u>
DEFERRED INFLOWS OF RESOURCES:		
2605	<i>Deferred Inflow Related to Pensions</i>	633,143
2606	<i>Deferred Inflow Related to OPEB</i>	4,229,053
2600	Total Deferred Inflows of Resources	<u>4,862,196</u>
NET POSITION:		
3200	Net Investment in Capital Assets	16,822,073
Restricted For:		
3820	Federal and State Program	2,956,905
3850	Debt Service	1,814,846
3860	Capital Projects	1,674,554
3900	Unrestricted	7,658,143
3000	Total Net Position	<u>\$ 30,926,521</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	Governmental Activities:					
11	Instruction	\$ 9,780,201	\$ --		\$ 536,595	\$ (9,243,606)
12	Instructional Resources and Media Services	158,467	--		351	(158,116)
13	Curriculum and Staff Development	371,780	1,562		6,020	(364,198)
21	Instruction Leadership	722,271	--		9,939	(712,332)
23	School Leadership	933,282	7,480		58,264	(867,538)
31	Guidance, Counseling, and Evaluation Services	778,334	--		35,442	(742,892)
32	Social Work Services	84,123	--		5,852	(78,271)
33	Health Services	180,804	--		8,997	(171,807)
34	Student Transportation	639,001	--		34,073	(604,928)
35	Food Service	1,475,455	33,926		1,770,491	328,962
36	Extracurricular Activities	976,242	61,284		48,907	(866,051)
41	General Administration	1,039,542	--		78,106	(961,436)
51	Plant Maintenance and Operations	3,268,852	--		166,771	(3,102,081)
52	Security and Monitoring Services	576,395	--		19,141	(557,254)
53	Data Processing Services	324,886	--		13,666	(311,220)
61	Community Services	9,797	--		--	(9,797)
72	Interest on Long-term Debt	628,417	--		215,610	(412,807)
81	Capital Outlay	122,640	--		1,090	(121,550)
99	Other Intergovernmental Charges	221,890	--		--	(221,890)
TG	Total Governmental Activities	<u>22,292,379</u>	<u>104,252</u>		<u>3,009,315</u>	<u>(19,178,812)</u>
TP	Total Primary Government	<u>\$ 22,292,379</u>	<u>\$ 104,252</u>		<u>\$ 3,009,315</u>	<u>(19,178,812)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					4,105,392
DT	Property Taxes, Levied for Debt Service					2,471,901
IE	Investment Earnings					856,379
SF	State Aid-Formula Grants					13,016,982
GC	Grants and Contributions Not Restricted to Specific Programs					2,347,731
MI	Miscellaneous					133,771
	Special Item Inflow - Construction Settlement Awards					1,654,843
	Special and Extraordinary Items:					
S1	Special Item Inflow - High School and Junior High School litigation settlement proceeds					<u>1,613,577</u>
TR	Total General Revenues					<u>26,200,576</u>
CN	Change in Net Position					<u>7,021,764</u>
NB	Net Position - Beginning					<u>23,904,757</u>
NE	Net Position - Ending					<u>\$ 30,926,521</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 11,910,347	\$ 901,274	\$ 2,514,526	\$ 15,326,147
1120	Current Investments	262,472	1,470	1,026	264,968
1225	Property Taxes Receivable, Net	2,151,573	960,693	--	3,112,266
1240	Due from Other Governments	7,060,578	3,047	1,159,084	8,222,709
1260	Due from Other Funds	88,867	647	586	90,100
1290	Other Receivables	40,156	--	415,744	455,900
1300	Inventories	26,160	--	--	26,160
1000	Total Assets	<u>21,540,153</u>	<u>1,867,131</u>	<u>4,090,966</u>	<u>27,498,250</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 854,356	\$ 5,000	\$ 531,686	\$ 1,391,042
2160	Accrued Wages Payable	609,287	--	34,363	643,650
2170	Due to Other Funds	11,662	13,923	64,500	90,085
2180	Due to Other Governments	1,135	2,450	48,258	51,843
2200	Accrued Expenditures / Expenses	17,233	--	6,888	24,121
2300	Unearned Revenue	--	--	71,701	71,701
2000	Total Liabilities	<u>1,493,673</u>	<u>21,373</u>	<u>757,396</u>	<u>2,272,442</u>
DEFERRED INFLOWS OF RESOURCES:					
2601	Unavailable Revenue - Property Taxes	2,153,372	960,694	--	3,114,066
2600	Total Deferred Inflows of Resources	<u>2,153,372</u>	<u>960,694</u>	<u>--</u>	<u>3,114,066</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	26,160	--	--	26,160
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	2,901,981	--	54,924	2,956,905
3470	Capital Acquisitions and Contractual Obligations	--	--	1,545,629	1,545,629
3490	Other Restrictions of Fund Balance	--	--	1,674,554	1,674,554
Committed Fund Balances:					
3520	Claims and Judgments	195,376	--	--	195,376
3530	Capital Expenditures for Equipment	825,120	--	--	825,120
3545	Other Committed Fund Balance	108,333	--	--	108,333
Assigned Fund Balances:					
3590	Other Assigned Fund Balance	56,556	--	58,463	115,019
3600	Unassigned	13,779,582	885,064	--	14,664,646
3000	Total Fund Balances	<u>17,893,108</u>	<u>885,064</u>	<u>3,333,570</u>	<u>22,111,742</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 21,540,153</u>	<u>\$ 1,867,131</u>	<u>\$ 4,090,966</u>	<u>\$ 27,498,250</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2025*

Total fund balances - governmental funds balance sheet	\$ 22,111,742
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	39,247,844
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	3,112,266
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,140,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(30,912)
Payables for notes which are not due in the current period are not reported in the funds.	(685,000)
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	319,625
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,891,263)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(633,144)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,718,662
Bond premiums are amortized in the SNA but not in the funds.	(926,007)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(3,838,367)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,229,053)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,509,896
L/T GASB 101 Compensated absences payable	<u>(719,768)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 30,926,521</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 4,955,672	\$ 2,443,323	\$ 48,311	\$ 7,447,306
5800 State Program Revenues	13,301,690	215,610	1,086,545	14,603,845
5900 Federal Program Revenues	2,025,138	--	2,347,731	4,372,869
5020 Total Revenues	<u>20,282,500</u>	<u>2,658,933</u>	<u>3,482,587</u>	<u>26,424,020</u>
EXPENDITURES:				
Current:				
11 Instruction	7,832,392	--	1,783,240	9,615,632
12 Instructional Resources and Media Services	29,362	--	101,947	131,309
13 Curriculum and Instructional Staff Development	190,676	--	143,563	334,239
21 Instructional Leadership	172,468	--	515,539	688,007
23 School Leadership	821,361	--	28,062	849,423
31 Guidance, Counseling, and Evaluation Services	434,720	--	296,725	731,445
32 Social Work Services	74,172	--	3,682	77,854
33 Health Services	139,855	--	16,354	156,209
34 Student Transportation	611,787	--	--	611,787
35 Food Services	1,492,083	--	7,744	1,499,827
36 Extracurricular Activities	976,703	--	--	976,703
41 General Administration	1,029,433	--	--	1,029,433
51 Facilities Maintenance and Operations	3,122,738	--	4,663	3,127,401
52 Security and Monitoring Services	137,479	--	524,566	662,045
53 Data Processing Services	310,094	--	2,293	312,387
61 Community Services	480	--	9,317	9,797
71 Principal on Long-term Debt	73,333	1,480,000	--	1,553,333
72 Interest on Long-term Debt	4,021	769,102	--	773,123
81 Capital Outlay: Facilities Acquisition and Constructio	1,828,031	--	29,970	1,858,001
99 Other Intergovernmental Charges	221,890	--	--	221,890
6030 Total Expenditures	<u>19,503,078</u>	<u>2,249,102</u>	<u>3,467,665</u>	<u>25,219,845</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>779,422</u>	<u>409,831</u>	<u>14,922</u>	<u>1,204,175</u>
Other Financing Sources and (Uses):				
7914 Non-Current Loan Proceeds	1,654,843	--	--	1,654,843
7915 Transfers In	169,067	--	--	169,067
8911 Transfers Out	(169,067)	--	--	(169,067)
7080 Total Other Financing Sources and (Uses)	<u>1,654,843</u>	<u>--</u>	<u>--</u>	<u>1,654,843</u>
SPECIAL ITEM:				
7918 Resource - Construction Settlement Award	--	--	1,613,577	1,613,577
1200 Net Change in Fund Balances	<u>2,434,265</u>	<u>409,831</u>	<u>1,628,499</u>	<u>4,472,595</u>
0100 Fund Balances - Beginning	<u>15,458,843</u>	<u>475,233</u>	<u>1,705,071</u>	<u>17,639,147</u>
3000 Fund Balances - Ending	<u>\$ 17,893,108</u>	<u>\$ 885,064</u>	<u>\$ 3,333,570</u>	<u>\$ 22,111,742</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2025*

Net change in fund balances - total governmental funds	\$ 4,472,595
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,596,427
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,944,975)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	224,388
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,480,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	73,333
(Increase) decrease in accrued interest from beginning of period to end of period.	1,678
Amortization of bond premium and deferred amount is an expense in the SOA but not in the funds.	143,027
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(458,617)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	495,996
GASB 101 Compensated absences	<u>(62,089)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 7,021,764</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2025

Data Control Codes		Custodial Funds
	ASSETS:	
1110	<i>Cash and Cash Equivalents</i>	\$ 224,111
1000	Total Assets	<u>224,111</u>
	LIABILITIES:	
	Current Liabilities:	
2170	<i>Due to Other Funds</i>	\$ 15
2400	<i>Payable from Restricted Assets</i>	19,537
2000	Total Liabilities	<u>19,552</u>
	NET POSITION:	
3800	<i>Restricted for Other Purposes</i>	191,787
2190	<i>Restricted for Other Purposes</i>	6,386
3000	Total Net Position	<u>\$ 198,173</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2025*

	<u>Custodial Funds</u>
ADDITIONS:	
Scholarship Contributions	\$ 12,000
Student Group Fundraising Activities	224,150
Other	474
Total Additions	<u>236,624</u>
DEDUCTIONS:	
Scholarship Awards	11,500
Student Activities	220,405
Total Deductions	<u>231,905</u>
Change in Fiduciary Net Position	4,719
Net Position-Beginning of the Year	193,454
Net Position-End of the Year	<u>\$ 198,173</u>

The accompanying notes are an integral part of this statement.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for the District's debt service property tax revenue and related debt service expenditures for bonded debt.

In addition, the District reports the following fund types:

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

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

b. Measurement Focus, Basis of Accounting

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

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

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

3. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy, labor agreements, and applicable state and local regulations. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Vacation and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability expected to be liquidated with expendable available financial resources is reported as a fund liability. The full liability is reported in the government-wide financial statements

The District measured the liability based on a historical look-back period of three years with a last in first out flows assumption for use of accrued balances.

4. Financial Statement Amounts

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

a. Property Taxes

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

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

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40
Vehicles	8
Equipment	5-20
Library Books	5

f. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources,

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

g. **Receivable and Payable Balances**

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

Except for delinquent taxes, here are no significant receivables which are not scheduled for collection within one year of year end.

h. **Interfund Activity**

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

i. **Use of Estimates**

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

j. **Data Control Codes**

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

k. **Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

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

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

l. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

m. Fund Balance Flow Assumptions

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

5. Pensions

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

6. Other Post-Employment Benefits

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

7. Implementation of New Standards

In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB).

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2025

the financial statements.

GASB Statement No. 101, Compensated Absences

In the current fiscal year, the District has adopted the provisions of GASB Statement No. 101, Compensated Absences, which became effective for reporting periods beginning after December 15, 2023. This Statement establishes a unified model for the recognition, measurement, and disclosure of compensated absences, replacing the previous guidance under GASB Statements No. 16 and related interpretations. GASB 101 requires governments to recognize a liability for certain types of compensated absences when the leave is accrued and attributable to services already rendered, and when it is more likely than not that the leave will be used for time off, or otherwise paid or settled. The Statement applies to vacation leave, sick leave, paid time off (PTO), and other forms of compensated leave that meet the defined criteria.

Impact on the District

Upon adopting GASB 101, the District evaluated all categories of leave provided to employees, including state and local leave, vacation leave (where applicable), and other compensated absences. The District reviewed historical usage patterns, payout terms, and the likelihood of settlement in accordance with the measurement criteria established by the Statement. As a result of this review, the District made an adjustment to align the beginning compensated absences liability with the new recognition and measurement requirements.

The cumulative effect of adopting GASB 101 resulted in the following restatement: Governmental Activities – the beginning net position was adjusted by \$321,391, representing the net increase (or decrease) in the previously reported compensated absences liability. The adoption of GASB 101 did not have a material impact on fund-level financial statements, as compensated absences continue to be recognized only to the extent that they are normally expected to be liquidated with available expendable financial resources.

Measurement and Disclosure Going Forward

Under GASB 101, the District will measure compensated absences based on the pay rate in effect at the financial statement date. Apply the “more likely than not” threshold for expected usage or cash settlement

Recognize liabilities for both compensated time-off and nonvesting leave when the criteria are met. Continue to provide note disclosures describing the types of leave offered, significant assumptions, and changes in the liability. This adoption ensures consistency with current governmental accounting standards and enhances the comparability and transparency of the District’s reporting on employee leave obligations.

GASB Statement No. 102, *Certain Risk Disclosures*

In the current fiscal year, the District implemented GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 15,550,641 and the bank balance was 15,971,222. The District's cash deposits at August 31, 2025 and during the year ended August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

As of August 31, 2024 the District had the following investments and maturities:

Investment Type	Investment Maturities (In Years)			
	Fair Value	Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in Lone Star Pool	\$ 264,966	\$ 264,966	\$ --	\$ --
Total Fair Value	\$ 264,966	\$ 264,966	\$ --	\$ --

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk 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 does not have a custodial credit risk.

The local government investment pool, such as Lone Star Pool, is not evidenced by securities in physical form. It is managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

Lone Star Investment Pool is administered by FIRST Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from Lone Star are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from Lone Star requires two signatures from authorized representatives in order to be processed.

D. Capital Assets

Capital asset activity for the year ended August 31, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 705,936	\$ --	\$ --	\$ 705,936
Construction in progress	--	1,654,843	--	1,654,843
Total capital assets not being depreciated	<u>705,936</u>	<u>1,654,843</u>	<u>--</u>	<u>2,360,779</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	53,197,213	216,729	--	53,413,942
Equipment	5,516,836	345,536	--	5,862,372
Vehicles	1,851,267	379,320	187,684	2,042,903
Total capital assets being depreciated	<u>60,565,316</u>	<u>941,585</u>	<u>187,684</u>	<u>61,319,217</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,791,388)	(1,521,391)	--	(19,312,779)
Equipment	(3,561,015)	(292,695)	--	(3,853,710)
Vehicles	(1,322,459)	(130,889)	(187,684)	(1,265,664)
Total accumulated depreciation	<u>(22,674,862)</u>	<u>(1,944,975)</u>	<u>(187,684)</u>	<u>(24,432,153)</u>
Total capital assets being depreciated, net	<u>37,890,454</u>	<u>(1,003,390)</u>	<u>--</u>	<u>36,887,064</u>
Governmental activities capital assets, net	<u>\$ 38,596,390</u>	<u>\$ 651,453</u>	<u>\$ --</u>	<u>\$ 39,247,843</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,102,483
Instructional Resources and Media Services	30,068

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NOTES TO THE FINANCIAL STATEMENTS

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Curriculum and Staff Development	40,090
Instructional Leadership	40,090
School Leadership	120,271
Guidance, Counseling, & Evaluation Services	70,158
Social Work Services	10,023
Health Services	30,068
Student Transportation	130,889
Extracurricular Activities	30,068
General Administration	60,135
Plant Maintenance and Operations	210,474
Security and Monitoring Services	50,113
Data Processing Services	20,045
	\$ 1,944,975

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2025, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Other Governmental Funds	General Fund	88,867	Short - term loans
General Fund	Debt Service Fund	647	Short - term loans
General Fund	Other Governmental Funds	245	Short - term loans
Other Governmental Funds	Other Governmental Funds	341	Short - term loans
	Total	\$ 90,100	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2025, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	\$ 169,067	Supplement other fund sources
	Total	\$ 169,067	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2025, Brooks County Independent School District, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/24	Issued	Retired	Amounts Outstanding 8/31/25	Amounts Due Within One Year
Unlimited Tax Refunding Bonds, Series 2015	3.00% to 4.00%	8,145,000	260,000	--	260,000	--	--

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

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Unlimited Tax Refunding Bonds, Series 2017	2.00% to 5.00%	7,665,000	7,230,000	--	1,140,000	6,090,000	1,490,000	
Unlimited Tax Refunding Bonds, Series 2019	1.88% to 3.06%	17,890,000	15,130,000	--	80,000	15,050,000	80,000	
Time Warrants Series 2019	2.57%	1,000,000	750,000	--	65,000	685,000	70,000	
Chartwells Loan	--	250,000	8,333	--	8,333	--	--	
Sub-Total			<u>23,378,333</u>	<u>--</u>	<u>1,553,333</u>	<u>21,825,000</u>	<u>1,640,000</u>	
Bond Premiums on Refunding Total Bonds			<u>1,202,714</u>	<u>--</u>	<u>276,707</u>	<u>926,007</u>	<u>276,707</u>	
			<u>24,581,047</u>	<u>--</u>	<u>1,830,040</u>	<u>22,751,007</u>	<u>1,916,707</u>	
Other Liabilities:								
Compensated Absences			139,310	580,458	--	719,768	156,520	
Net Pension Liability			7,181,713	--	1,290,450	5,891,263	--	
Net OPEB Liability			3,015,108	823,259	--	3,838,367	--	
Total Governmental Activities		\$	<u>34,917,178</u>	\$	<u>1,403,717</u>	\$	<u>3,120,490</u>	
					\$	<u>33,200,405</u>	\$	<u>2,073,227</u>

2. Debt Service Requirements

Governmental Activiy Debt service requirements on long-term debt at August 31, 2025, are as follows:

Year Ending August 31,	Governmental Activities					
	General Obligation Bonds			Time Warrants & Chartwells Loan		
	Principal	Interest	Total	Principal	Interest	Total
2026	1,570,000	693,375	2,263,375	70,000	17,605	87,605
2027	1,650,000	616,747	2,266,747	70,000	15,806	85,806
2028	1,715,000	551,820	2,266,820	70,000	14,007	84,007
2029	1,485,000	484,360	1,969,360	75,000	12,208	87,208
2030	1,935,000	426,100	2,361,100	75,000	10,280	85,280
2031-2035	1,050,000	1,293,542	2,343,542	325,000	21,074	346,074
2036-2040	2,285,000	69,898	2,354,898	--	--	--
Totals	<u>\$ 11,690,000</u>	<u>\$ 4,135,842</u>	<u>\$ 15,825,842</u>	<u>685,000</u>	<u>\$ 90,980</u>	<u>\$ 775,980</u>

General Obligation Bonds are paid by the Debt Service Fund. Notes, Loans and Time Warrants are paid by the General Fund.

Defeased Bonds Outstanding:

The District did not have defeased bonds outstanding as of August 31, 2025.

There are a number of limitations and restrictions contained in the general obligation bond indenture.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Management has indicated that the District is in compliance with all significant limitations and restrictions

Brooks County Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of Brooks County Independent School District.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

Actuarial implications of the funding provided in the manner are determined by the System's actuary.

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's 2025 Employer Contributions	\$	458,229
District's 2025 Member Contributions	\$	834,236
2024 NECE On-Behalf Contributions (State)	\$	473,702

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

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

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

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return *	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity			
	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0%)	1.3%	(0.1)%
Inflation Expectation			2.4%
Volatility Drag ****			(0.7)%
Expected Return		<u>100.0%</u>	<u>7.9%</u>
* 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.			

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 9,409,840	\$ 5,891,263	\$ 2,975,872

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

At August 31, 2025, the District reported a liability of \$5,891,263 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 5,891,263
State's proportionate share that is associated with District	<u>5,134,677</u>
Total	<u>\$ 11,025,940</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

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, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024 the employer's proportion of the collective net pension liability was 0.0096444995 percent which was a decrease of 0.0008106999 percent from its proportion measured as of August 31, 2023.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2025, the District recognized pension expense of \$1,530,525 and revenue of \$613,680 for support provided by the State.

At August 31, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 324,718	\$ 45,996
Changes in Actuarial Assumptions	304,179	40,780
Difference Between Projected and Actual Investment Earnings	35,811	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	595,725	546,367
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	458,229	--
Total	<u>\$ 1,718,662</u>	<u>\$ 633,143</u>

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
2026	\$ 145,618
2027	\$ 670,400
2028	\$ 25,662
2029	\$ (185,901)
2030	\$ (28,489)
Thereafter	\$ --

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2025 Employer Contributions	\$	104,376
District's 2025 Member Contributions	\$	65,727
2024 NECE On-Behalf Contributions (state)	\$	143,934

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled \$16,318,100.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

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

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

	delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

6. Discount Rate

A single discount rate of 3.87 percent was used to measure the Total OPEB Liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2024.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$ 4,560,159	\$ 3,838,367	\$ 3,255,148

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

At August 31, 2025, the District reported a liability of \$3,838,367 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 3,838,367
State's proportionate share that is associated with the District	\$ <u>4,809,421</u>
Total	\$ <u><u>8,647,788</u></u>

The Net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.0126463686, compared

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

which was a decrease of 0.0009730481% from its proportion measured as of August 31, 2023.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 3,125,780	\$ 3,838,367	\$ 4,766,938

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 4.13 percent as of August 31, 2022 to 3.87 percent as of August 31, 2023. This change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date

Since the last valuation was prepared for this plan, Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin University into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023. This change is reflected in the Total OPEB Liability as of August 31, 2023. In addition, this valuation reflects the minor benefit changes that became effective September 1, 2023, since these changes were announced to plan members in advance of August 31, 2023. These minor benefit changes, which are not expected to have a significant impact on plan costs for fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs.

The amount of OPEB expense recognized by the District in the reporting period was \$(625,136).

At August 31, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 735,686	\$ 1,915,553
Changes in actuarial assumptions	491,266	1,252,415
Difference between projected and actual investment earnings	--	10,749
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,178,568	1,050,336
Contributions paid to TRS subsequent to the measurement date	104,376	--
Total	<u>\$ 2,509,896</u>	<u>\$ 4,229,053</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025*

recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	\$ (489,916)
2027	\$ (316,071)
2028	\$ (338,370)
2029	\$ (227,288)
2030	\$ (232,967)
Thereafter	\$ (218,920)

For the year ended August 31, 2025, the District recognized OPEB expense of \$1,016,756 and revenue of \$(625,136) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2025, the subsidy payment received by TRS-Care on behalf of the District was \$82,601.

J. Employee Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$245,05 per pay period per employee and dependents to the Plan. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third part administrator is renewable September 1, 2025, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Texas School Health Benefit Program are available for the year ended , and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies.

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2025.

L. Subsequent Events

The District has evaluated subsequent events through February 18, 2026, which date these financial statements were available to be issued. There were no subsequent events that require disclosure.

M. Unearned Revenue

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Unearned revenue at year end consisted of the following:

Revenue Description	General Fund	Other Governmental Funds	Total Unearned Amount
Grant Programs	\$ --	\$ 73,501	\$ 73,501
Other	\$ --	\$ --	\$ --
Total Unearned Revenue	\$ --	\$ 73,501	\$ 73,501

N. Fund Balances

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2025:

General Fund

Nonspendable
Inventories 26,160

Restricted
Child Nutrition 2,901,981

Committed
Capital Expenditures 825,120
Claims & Judgments 195,376
Other Committed 108,333

1,128,829

Assigned
State Compensatory 56,556

Unassigned 13,779,582

Total General Fund Balance

17,893,108

Debt Service Fund

Restricted:
Long Term Debt 885,064

Other Governmental Funds

Restricted:
Summer Feeding 14,818
Advance Placement Incentives 900
School Health 2,043
Special Ed. Fiscal Support 34,440
Capital Acquisition 1,616,254
Communities Foundation - Blueprint 476
Communities Foundation - ADSY/PEP 35,704
UT Hogg Foundation Grant 26,744

1,733,917

Assigned:
Capital Projects Funds 1,540,571
Special Revenue Funds 619
Campus Activity Funds 58,463

1,599,653

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2025

Total Other Governmental Funds 3,333,570

Total Governmental Funds Balance 22,111,742

O. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2025, are reported on the combined financial statements as Due from Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Other	Total
General	\$ 1,742,678	\$ 5,317,900	\$ --	\$ 7,060,578
Debt Service	3,047	--	--	3,047
Other Governmental	213,311	945,773	--	1,159,084
Total	\$ 1,959,036	\$ 6,263,673	\$ --	\$ 8,222,709

P. Food Service Operations Reported in General Fund

The District participates in a Texas Department of Agriculture Food and Nutrition Community Engagement Program. Under this program, the District does not charge students for meals. As required by the Financial Accountability System Resource Guide, revenues and expenditures for the Child Nutrition Program have been reported in the General Fund for 2024-2025. The following is a summary of the Food Service Operations included in the General Fund:

Data Control Codes		Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Revenues:	Original	Final		
5700	Local	\$ 86,380	\$ 86,380	\$ 33,926	\$ (52,454)
5800	State Program	6,300	6,300	4,498	(1,802)
5900	Federal Program	2,067,069	2,067,069	1,840,340	(226,729)
5020	Total Revenue	2,159,749	2,159,749	1,878,764	(280,985)
	Expenditures:				
0035	Food Services	2,020,767	2,020,767	1,492,083	528,684
0051	Plant Maintenance and Operations	63,000	63,000	61,581	1,419
6030	Total Expenditures	2,083,767	2,083,767	1,553,664	530,103
7915	Operating Transfer In from Fund 199	--	--	--	--
1200	Net Change in Fund Balance	75,982	75,982	325,101	249,119
0100	Fund Balance - Beginning	2,769,219	2,987,195	2,987,195	--
3000	Fund Balance - Ending	\$ 2,845,201	\$ 3,063,177	\$ 3,312,296	\$ 249,119

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.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 4,829,980	\$ 4,916,360	\$ 4,955,672	\$ 39,312
5800	State Program Revenues	11,826,643	12,286,878	13,301,690	1,014,812
5900	Federal Program Revenues	285,000	2,352,069	2,025,138	(326,931)
5020	Total Revenues	<u>16,941,623</u>	<u>19,555,307</u>	<u>20,282,500</u>	<u>727,193</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
11	Instruction	8,271,157	8,610,822	7,832,392	778,430
12	Instructional Resources and Media Services	39,071	39,071	29,362	9,709
13	Curriculum and Instructional Staff Development	218,959	241,299	190,676	50,623
	Total Instruction and Instr. Related Services	<u>8,529,187</u>	<u>8,891,192</u>	<u>8,052,430</u>	<u>838,762</u>
Instructional and School Leadership:					
21	Instructional Leadership	170,419	170,419	172,468	(2,049)
23	School Leadership	843,026	838,026	821,361	16,665
	Total Instructional and School Leadership	<u>1,013,445</u>	<u>1,008,445</u>	<u>993,829</u>	<u>14,616</u>
Student Support Services:					
31	Guidance, Counseling and Evaluation Services	440,305	440,305	434,720	5,585
32	Social Work Services	86,059	76,595	74,172	2,423
33	Health Services	160,815	160,815	139,855	20,960
34	Student Transportation	607,692	650,692	611,787	38,905
35	Food Services	2,020,767	2,020,767	1,492,083	528,684
36	Extracurricular Activities	1,000,934	1,000,934	976,703	24,231
	Total Student Support Services	<u>4,316,572</u>	<u>4,350,108</u>	<u>3,729,320</u>	<u>620,788</u>
Administrative Support Services:					
41	General Administration	978,952	1,036,952	1,029,433	7,519
	Total Administrative Support Services	<u>978,952</u>	<u>1,036,952</u>	<u>1,029,433</u>	<u>7,519</u>
Support Services:					
51	Facilities Maintenance and Operations	3,185,235	3,244,735	3,122,738	121,997
52	Security and Monitoring Services	137,619	137,619	137,479	140
53	Data Processing Services	322,304	322,304	310,094	12,210
	Total Support Services	<u>3,645,158</u>	<u>3,704,658</u>	<u>3,570,311</u>	<u>134,347</u>
Ancillary Services:					
61	Community Services	8,150	2,150	480	1,670
	Total Ancillary Services	<u>8,150</u>	<u>2,150</u>	<u>480</u>	<u>1,670</u>
Debt Service:					
71	Principal on Long-Term Debt	299,925	273,610	73,333	200,277
72	Interest on Long-Term Debt	--	24,925	4,021	20,904
	Total Debt Service	<u>299,925</u>	<u>298,535</u>	<u>77,354</u>	<u>221,181</u>
Capital Outlay:					
81	Facilities Acquisition and Construction	110,600	1,957,149	1,828,031	129,118
	Total Capital Outlay	<u>110,600</u>	<u>1,957,149</u>	<u>1,828,031</u>	<u>129,118</u>
99	Other Intergovernmental Charges	237,000	221,890	221,890	--

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Total Intergovernmental Charges	<u>237,000</u>	<u>221,890</u>	<u>221,890</u>	<u>--</u>
6030	Total Expenditures	<u>19,138,989</u>	<u>21,471,079</u>	<u>19,503,078</u>	<u>1,968,001</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(2,197,366)</u>	<u>(1,915,772)</u>	<u>779,422</u>	<u>2,695,194</u>
	Other Financing Sources (Uses):				
7914	Non-Current Loan Proceeds	--	1,765,949	1,654,843	(111,106)
7915	Transfers In	--	181,641	169,067	(12,574)
8911	Transfers Out	--	(181,641)	(169,067)	12,574
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>1,765,949</u>	<u>1,654,843</u>	<u>(111,106)</u>
1200	Net Change in Fund Balance	<u>(2,197,366)</u>	<u>(149,823)</u>	<u>2,434,265</u>	<u>2,584,088</u>
0100	Fund Balance - Beginning	<u>15,458,843</u>	<u>15,458,843</u>	<u>15,458,843</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 13,261,477</u>	<u>\$ 15,309,020</u>	<u>\$ 17,893,108</u>	<u>\$ 2,584,088</u>

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2025

	Measurement Year Ended August 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.009644995%	0.0104551994%	0.0097104635%	0.0106360091%	0.0093583481%	0.0076089094%	0.0079752204%	0.0084012211%	0.0087876220%	0.0094738000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,891,263	\$ 7,181,713	\$ 5,764,852	\$ 2,708,615	\$ 5,012,140	\$ 3,955,349	\$ 4,389,755	\$ 2,686,258	\$ 3,320,712	\$ 3,348,862
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	5,134,677	6,079,336	6,145,133	3,017,483	7,218,930	6,834,684	7,587,375	4,953,038	6,377,427	5,942,343
Total	<u>\$ 11,025,940</u>	<u>\$ 13,261,049</u>	<u>\$ 11,909,985</u>	<u>\$ 5,726,098</u>	<u>\$ 12,231,070</u>	<u>\$ 10,790,033</u>	<u>\$ 11,977,130</u>	<u>\$ 7,639,296</u>	<u>\$ 9,698,139</u>	<u>\$ 9,291,205</u>
District's Covered Payroll	\$ 10,650,223	\$ 10,485,797	\$ 10,315,699	\$ 10,833,325	\$ 10,704,041	\$ 9,152,528	\$ 9,166,367	\$ 9,922,680	\$ 9,922,680	\$ 9,502,444
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	55.32%	68.49%	55.88%	25.00%	46.82%	43.22%	47.89%	27.07%	33.47%	35.24%
Plan Fiduciary Net Position as a % of Total Pension Liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2025

	Fiscal Year Ended August 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 458,229	\$ 541,441	\$ 541,144	\$ 454,941	\$ 454,163	\$ 387,388	\$ 277,265	\$ 263,238	\$ 275,083	\$ 278,442
Contribution in Relation to Contractually Required Contribution	(458,229)	(541,441)	(541,144)	(454,941)	(454,163)	(387,388)	(277,265)	(263,238)	(275,083)	(278,442)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 9,410,349	\$ 10,650,223	\$ 10,485,797	\$ 10,315,699	\$ 10,833,325	\$ 10,704,041	\$ 9,152,528	\$ 9,166,367	\$ 9,639,162	\$ 9,922,680
Contributions as a % of Covered Payroll	4.87%	5.08%	5.16%	4.41%	4.19%	3.62%	3.03%	2.87%	2.85%	2.81%

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2025

	Measurement Year Ended August 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0126463686%	0.0136194167%	0.0131631104%	0.0142733141%	0.0135669106%	0.0109696289%	0.0114507778%	0.0119332308%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,838,367	\$ 3,015,108	\$ 3,151,776	\$ 5,505,855	\$ 5,157,395	\$ 5,187,672	\$ 5,717,478	\$ 5,189,314
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	4,809,421	3,638,191	3,844,671	7,376,619	6,930,303	6,893,256	7,605,006	7,267,883
Total	<u>\$ 8,647,788</u>	<u>\$ 6,653,299</u>	<u>\$ 6,996,447</u>	<u>\$ 12,882,474</u>	<u>\$ 12,087,698</u>	<u>\$ 12,080,928</u>	<u>\$ 13,322,484</u>	<u>\$ 12,457,197</u>
District's Covered Payroll	\$ 10,650,223	\$ 10,485,797	\$ 10,315,699	\$ 10,833,325	\$ 10,704,041	\$ 9,152,528	\$ 9,166,367	\$ 9,922,680
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	36.04%	28.75%	30.55%	50.82%	48.18%	56.68%	62.37%	52.30%
Plan Fiduciary Net Position as a % of Total OPEB Liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only eight years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2025

	Fiscal Year Ended August 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 104,376	\$ 113,261	\$ 117,729	\$ 108,663	\$ 146,942	\$ 104,245	\$ 85,138	\$ 83,703
Contribution in Relation to Contractually Required Contribution	(104,376)	(113,261)	(117,729)	(108,663)	(146,942)	(104,245)	(85,138)	(83,703)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,410,349	\$ 10,650,223	\$ 10,485,797	\$ 10,315,699	\$ 10,833,325	\$ 10,704,041	\$ 9,152,528	\$ 9,166,367
Contributions as a % of Covered Payroll	1.11%	1.06%	1.12%	1.05%	1.36%	0.97%	0.93%	0.91%

Note: Only eight years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025*

Year Ended August 31	1 Tax Rates		2	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/24
	Maintenance	Debt Service			
2016 and Prior Years	\$ Various	\$ Various		\$ Various	\$ 988,243
2017	1.04	.5326		471,150,706	127,338
2018	1.17	.37		516,488,506	212,859
2019	1.17	.37		548,370,130	179,091
2020	1.0684	.43		553,806,721	184,848
2021	1.0548	.458		514,386,316	200,594
2022	1.0518	.4561		497,724,973	219,337
2023	1.0057	.4156		542,321,667	371,421
2024	.8264	.50		528,533,140	427,437
2025 (School Year Under Audit)	.8238	.50		502,364,011	--
1000 Totals					\$ <u>2,911,168</u>

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

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

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded Under Sect. 26.1115(c)
\$ --	\$ 12,519	\$ 4,891	\$ 68,716	\$ 1,039,549	
--	4,183	2,142	(5,033)	115,980	
--	6,181	1,955	64,402	269,125	
--	9,232	2,920	(58,306)	108,633	
--	7,858	3,163	(30,627)	143,200	
--	9,768	4,241	(10,704)	175,881	
--	14,861	6,445	(20,684)	177,347	
--	57,620	23,815	30,215	320,201	
--	69,274	41,919	(78,587)	237,657	
6,627,205	3,719,085	2,257,274	(101,053)	549,793	
<u>\$ 6,627,205</u>	<u>\$ 3,910,581</u>	<u>\$ 2,348,765</u>	<u>\$ (141,661)</u>	<u>\$ 3,137,366</u>	
					\$ <u>5,936.67</u>
	\$ --				

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM

AS OF AUGUST 31, 2025

Data Control Codes		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,529,206
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 862,576
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education allotment program?	Yes
AP7	List the total state allotment funds received for bilingual education allotment programs during the district's fiscal year.	\$ 12,819
AP8	List the actual direct program expenditures for bilingual education allotment programs during the district's fiscal year. (PICs 25)	\$ 8,310

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,580,174	\$ 2,580,174	\$ 2,443,323	\$ (136,851)
5800	State Program Revenues	229,605	229,605	215,610	(13,995)
5020	Total Revenues	<u>2,809,779</u>	<u>2,809,779</u>	<u>2,658,933</u>	<u>(150,846)</u>
EXPENDITURES:					
Debt Service:					
71	Principal on Long-Term Debt	1,590,100	1,590,100	1,480,000	110,100
72	Interest on Long-Term Debt	786,000	786,000	762,902	23,098
73	Bond Issuance Costs and Fees	26,400	26,400	6,200	20,200
	Total Debt Service	<u>2,402,500</u>	<u>2,402,500</u>	<u>2,249,102</u>	<u>153,398</u>
6030	Total Expenditures	<u>2,402,500</u>	<u>2,402,500</u>	<u>2,249,102</u>	<u>153,398</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	407,279	407,279	409,831	2,552
1200	Net Change in Fund Balance	407,279	407,279	409,831	2,552
0100	Fund Balance - Beginning	475,233	475,233	475,233	--
3000	Fund Balance - Ending	<u>\$ 882,512</u>	<u>\$ 882,512</u>	<u>\$ 885,064</u>	<u>\$ 2,552</u>

GreenGrowth CPAs

Sinton
Texas

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
Brooks County Independent School District
P O Drawer A
Falfurrias, Texas 78355

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brooks County Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Brooks County Independent School District's basic financial statements, and have issued our report thereon dated .

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brooks County Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Brooks County Independent School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brooks County Independent School 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 Brooks County Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

GreenGrowthCPAs

GreenGrowth CPAs

Sinton, Texas
February 18, 2026

GreenGrowth CPAs

Sinton
Texas

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Board of Trustees
Brooks County Independent School District
P O Drawer A
Falfurrias, Texas 78355

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brooks County Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Brooks County Independent School District's major federal programs for the year ended August 31, 2025. Brooks County 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, Brooks County Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Brooks County Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Brooks County 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 Brooks County 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 Brooks County 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 GAAS, *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 Brooks County Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Brooks County 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 Brooks County 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 Brooks County 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Respectfully submitted,

GreenGrowthCPAs

GreenGrowth CPAs

Sinton, Texas
February 18, 2026

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? No

One or more significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? No

One or more significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit. November 2025

Are there any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Federal Regulations (2 CFR 200.516(a))? No

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs Categories:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A - Improving Basic Program

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

B. Financial Statement Findings

None.

C. Federal Award Findings and Questioned Costs

None.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2025

Program

Corrective Action Plan

N/A

No corrective action required

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Sub- recipients	Federal Expenditures
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
<u>CHILD NUTRITION CLUSTER:</u>				
School Breakfast Program	10.553	806780706	\$ --	\$ 406,887
National School Lunch Program (Cash Assistance)	10.555	806780706	--	664,500
National School Lunch Program (Non-cash Assistance)	10.555	806780706	--	77,496
Supply Chain Assistance	10.555	806780706	--	53,612
Summer Food Program	10.559	806780706	--	7,931
Total Child Nutrition Cluster			--	1,210,426
Child and Adult Care Food Program	10.558	806780706	--	637,845
Total Passed Through Texas Department of Agriculture			--	1,848,271
Total U. S. Department of Agriculture			--	1,848,271
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
<i>Community Project Funding/Congressionaly Directed Spending-Construction</i>				
	93.493	CE152410	--	362,407
Total U. S. Department of Health and Human Services			--	362,407
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
<i>Special Education Cluster (IDEA):</i>				
IDEA-Part B, Formula	84.027A	24660001024901600	--	245,418
IDEA-Part B, Formula	84.027A	24660001024901600	--	8,750
IDEA-Part B, Preschool	84.173A	24661001024901600	--	8,993
IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 2021	84.173X	225360020249015000	--	2,898
Total Special Education Cluster (IDEA):			--	266,059
<i>Title I Part A - Improving Basic Programs</i>	84.010A	24610101024901	--	1,285,868
TITLE I 1003 ESF FOCUSED SUPPORT GRANT	84.010A	S010A230043	--	22,736
Total ALN Number 84.010A:			--	1,308,604
<i>ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grant Program</i>	84.358B	25696001024901	--	45,322
<i>Title V, B, Part B Rural & low income SCHOOL PROGRAM GRANT</i>	84.358B	S358B240043	--	1,419
Total ALN Number 84.358B:			--	46,741
<i>Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	S367A240041	--	171,551
<i>'Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	S367A240041	--	3,885
Total ALN Number 84.367A:			--	175,436
<i>Career and Technical Education - Basic Grant</i>	84.048A	25420006024901	--	37,668
GEAR UP	84.334A	P334A210014	--	80,948

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Sub- recipients	Federal Expenditures
<i>Federally Funded Special Revenue Funds</i>	84.424A	25680101024901	--	102,002
<i>'ESSER Fund III of the American Rescue Plan Act of 2021</i>	84.425U	21528001024901	--	23,702
Total Passed Through State Department of Education			--	2,041,160
Total U. S. Department of Education			--	2,041,160
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 4,251,838

The accompanying notes are an integral part of this schedule.

BROOKS COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	4,372,869
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(121,031)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>4,251,838</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Brooks County Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Brooks County Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.