

**BANQUETE
INDEPENDENT
SCHOOL DISTRICT**



Annual Financial Report
For the fiscal year
ended August 31, 2023

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BANQUETE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
AUGUST 31, 2023

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FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

BANQUETE INDEPENDENT SCHOOL DISTRICT
Name of School District

NUECES
County

178-913
Co./Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the _____ day of February 2024.

Signature of Board **Secretary**

Signature of Board **President**

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

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Raul Hernandez & Company, P.C.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

Banquete Independent School District
4339 4th Street
Banquete, Texas 78339

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Banquete 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 opinion.

Emphasis of Matter

Change in Accounting Principle

As described in Note Z to the financial statements, the District adopted new accounting guidance, GASB Statement 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 on pages 4, and 50 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining statements and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
February 22, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BANQUETE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Banquete Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The District's financial position of governmental activities increased to \$10,625,927.

During the year, the District had tax revenues of \$7,013,231 for general purposes and \$2,079,478 for debt service. In addition, the District generated \$3,323,045 in grant and contribution revenues.

The General Fund ended the year with a fund balance of \$3,271,317, which is a decrease of (\$980,038) from the prior year, where (\$163,314) was due to a prior period adjustment. The Debt Service ended the year with a fund balance of \$819,109, which represents a (\$19,021) decrease from the prior year; however, (\$130,764) represents a prior period adjustment.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Financial Position and the Statement of Activities on pages 10 and 11. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements starting on page 12 report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements starting on page 21 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Financial Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's

activities. The Statement of Financial Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities of disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's financial position and changes in them. The District's financial position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's financial position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Financial Position and the Statement of Activities, we present the District's one kind of activity:

Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Business-type activities—The District has no business-type activities currently.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Financial Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Financial Position and the Statement of Activities. In fact, the

District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Financial position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District implemented GASB Statement #34 in 2002. We have presented both current and prior year data and will discuss significant changes in the accounts. Our analysis focuses on the financial position (Table I) and changes in financial position (Table II) of the District's governmental activities.

Financial Position of the District's governmental activities increased from \$9,981,013 to \$10,625,927. Unrestricted financial position – the part of financial position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$1,012,072) at August 31, 2023, as opposed to (\$945,838) in the prior year.

Table 1
Financial Position
Governmental
Activities

	2023	2022	Change
ASSETS			
Current and other assets	\$ 6,216,765	\$ 7,330,957	\$ (1,114,192)
Capital assets	15,238,825	15,743,773	(504,948)
Total assets	21,455,590	23,074,730	(1,619,140)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	819,942	829,083	(9,141)
Deferred Outflow Related to TRS Pension	1,359,140	1,061,659	297,481
Deferred Outflow Related to TRS OPEB	907,327	1,065,328	(158,001)
Total Deferred Outflows of Resources	3,086,409	2,956,070	130,339
LIABILITIES			
Current liabilities	820,891	2,977,246	(2,156,355)
Noncurrent liabilities	9,562,347	9,332,142	230,205
Total liabilities	10,383,238	12,309,388	(1,926,150)
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to TRS Pension	270,079	1,367,117	(1,097,038)
Deferred Inflow Related to TRS OPEB	3,262,755	2,373,283	889,472
Total Deferred Inflows of Resources	3,532,834	3,740,400	(207,566)
NET POSITION			
Invested in capital assets net of related debt	11,189,209	9,353,214	1,835,995
Restricted	448,790	1,573,637	(1,124,847)
Unrestricted	(1,012,072)	(945,838)	(66,234)
Total net position	\$ 10,625,927	\$ 9,981,013	\$ 644,914

Table II

	Governmental Activities 2023	Governmental Activities 2022	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 188,339	\$ 257,222	\$ (68,883)
Operating grants and contributions	1,894,941	2,992,064	(1,097,123)
General Revenues:			
Maintenance and operations taxes	7,013,231	6,867,166	146,065
Debt service taxes	2,079,478	2,135,198	(55,720)
Grants and Contributions not restricted to specific functions	3,323,045	3,889,701	(566,656)
Investment Earnings	553,586	29,553	524,033
Misc Local and Intermediate Revenue	81,490	101,488	(19,998)
Total Revenue	<u>15,134,110</u>	<u>16,272,391</u>	<u>(1,138,281)</u>
Expenses:			
Instruction, curriculum and media services	7,512,587	7,151,387	361,200
Instructional and school leadership	747,164	677,717	69,447
Student support services	933,898	793,055	140,843
Child nutrition	875,336	759,477	115,859
Extracurricular activities	681,583	519,771	161,812
General administration	1,025,808	808,909	216,899
Plant maintenance, security & data processing	2,037,257	1,803,379	233,878
Community services	44,633	9,303	35,330
Debt Services	92,341	172,352	(80,011)
Total Expenses	<u>13,950,607</u>	<u>12,695,350</u>	<u>1,255,257</u>
Increase in net position before transfers and special items	1,183,503	3,577,041	(2,393,538)
Net Position at 9/1/19	9,981,013	6,414,869	3,566,144
Prior Period Adjustment	(538,589)	(10,898)	
Net Position at 8/31/20	<u>\$ 10,625,927</u>	<u>\$ 9,981,013</u>	<u>\$ 644,914</u>

The District's total revenues decreased by (\$1,138,281) and the District's expenditures increased by \$1,255,257 over the prior year. Adjustments relating to OPEB expense resulted in a change to several functions.

The District property tax rate decreased to \$1.22122 from the previous year, while the District's tax revenues had an net increase by approximately \$90,345 in 2023.

The cost of all governmental activities for the year was \$13,950,607, as opposed to \$12,695,350, in the previous year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$7,013,231 because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund surplus of \$4,447,528 as opposed to a fund balance of \$5,795,018 from the previous year.

The capital expenditures reduce available fund balances, but they also create new assets for the District as reported in the Statement of Financial Position and as discussed in the Footnotes to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category includes changes that the Board made during the last month of the fiscal year. There were no major amendments to the original budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had approximately \$32 million invested in a broad range of capital assets, including land, buildings, furniture & equipment, and capital leases. This year's major additions included:

	2023	2022
Land	\$ 357,964	\$ 357,964
Buildings and Improvements	24,454,439	22,695,846
Furniture and Equipment	4,381,822	4,312,010
Construction in Progress	2,804,414	4,563,007
Right to Use Asset	164,100	164,100
Totals at Historical Cost	<u>32,162,739</u>	<u>32,092,927</u>
Accumulated Depreciation	(16,923,912)	(16,349,154)
Total Capital Assets (Net)	<u>\$ 15,238,825</u>	<u>\$ 15,743,773</u>

More detailed information about the District's capital assets is presented in Note F (page 32) to the financial statements.

Debt

At year-end, the District had \$4.7M in bonds and other long-term debt outstanding.

More detailed information about the District's long-term liabilities is presented in Note G (page 33) of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget, tax rates. One of those factors is the economy. The District is located in a "low-income" area, as evidenced by the number of students on "Free and Reduced-Price" meals (approximately 70.54 percent). The district started on CEP Program in 2019-2021, which allows all students (no matter income) to receive free breakfast and lunch, and continues to provide that service to the elementary and junior high students. High School students is allowed free breakfast only.

The District's Board of Trustees set the 2022-2023 tax rate at \$1.22122. The District's appraised/assessed property value was \$788,165,912 for 2023, which was an increase compared to the previous year. The District's property tax revenue is projected to experience a moderate increase.

These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$10,901,174. The District will use its revenues to finance programs we currently offer. The District has added no major new programs or initiatives to the 2024 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show 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 business office, at Banquete Independent School District, Banquete, Texas.

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BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes		Primary Government
		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 194,941
1120	Current Investments	4,105,807
1220	Property Taxes - Delinquent	1,193,314
1230	Allowance for Uncollectible Taxes	(238,662)
1240	Due from Other Governments	901,857
1410	Prepayments	59,508
Capital Assets:		
1510	Land	357,964
1520	Buildings, Net	11,564,102
1530	Furniture and Equipment, Net	465,850
1550	Right-to-Use Leased Assets, Net	46,495
1580	Construction in Progress	2,804,414
1000	Total Assets	21,455,590
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	819,942
1705	Deferred Outflow Related to TRS Pension	1,359,140
1706	Deferred Outflow Related to TRS OPEB	907,327
1700	Total Deferred Outflows of Resources	3,086,409
LIABILITIES		
2110	Accounts Payable	214,976
2140	Interest Payable	6,305
2160	Accrued Wages Payable	509,610
2300	Unearned Revenue	90,000
Noncurrent Liabilities:		
2501	Due Within One Year: Loans, Note, Leases, etc.	2,350,085
Due in More than One Year:		
2502	Bonds, Notes, Loans, Leases, etc.	2,451,979
2540	Net Pension Liability (District's Share)	2,833,343
2545	Net OPEB Liability (District's Share)	1,926,940
2000	Total Liabilities	10,383,238
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	270,079
2606	Deferred Inflow Related to TRS OPEB	3,262,755
2600	Total Deferred Inflows of Resources	3,532,834
NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	11,189,209
Restricted:		
3820	Restricted for Federal and State Programs	109,562
3860	Restricted for Capital Projects	339,228
3900	Unrestricted	(1,012,072)
3000	Total Net Position	\$ 10,625,927

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
	Expenses			Net (Expense) Revenue and Changes in Net Position
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 7,165,350	\$ 27,298	\$ 739,806	\$ (6,398,246)
12 Instructional Resources and Media Services	112,491	-	46,857	(65,634)
13 Curriculum and Instructional Staff Development	234,746	-	42,470	(192,276)
21 Instructional Leadership	12,744	-	6,248	(6,496)
23 School Leadership	734,420	-	21,215	(713,205)
31 Guidance, Counseling, and Evaluation Services	329,554	-	6,818	(322,736)
33 Health Services	153,967	-	33,733	(120,234)
34 Student (Pupil) Transportation	450,377	-	-	(450,377)
35 Food Services	875,336	106,800	869,955	101,419
36 Extracurricular Activities	681,583	39,091	-	(642,492)
41 General Administration	1,025,808	-	36,043	(989,765)
51 Facilities Maintenance and Operations	1,708,619	15,150	17,120	(1,676,349)
52 Security and Monitoring Services	71,382	-	29,709	(41,673)
53 Data Processing Services	257,256	-	3,619	(253,637)
61 Community Services	44,633	-	41,348	(3,285)
72 Debt Service - Interest on Long-Term Debt	91,291	-	-	(91,291)
73 Debt Service - Bond Issuance Cost and Fees	1,050	-	-	(1,050)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 13,950,607	\$ 188,339	\$ 1,894,941	(11,867,327)
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				7,013,231
DT Property Taxes, Levied for Debt Service				2,079,478
GC Grants and Contributions not Restricted				3,323,045
IE Investment Earnings				553,586
MI Miscellaneous Local and Intermediate Revenue				81,490
TR Total General Revenues				13,050,830
CN Change in Net Position				1,183,503
NB Net Position - Beginning				9,981,013
PA Prior Period Adjustment				(538,589)
NE Net Position - Ending				\$ 10,625,927

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ (79,847)	\$ 15,980	\$ 258,808	\$ 194,941
1120 Investments - Current	3,204,679	755,806	145,322	4,105,807
1220 Property Taxes - Delinquent	820,147	373,167	-	1,193,314
1230 Allowance for Uncollectible Taxes	(164,029)	(74,633)	-	(238,662)
1240 Due from Other Governments	770,030	-	131,827	901,857
1260 Due from Other Funds	-	47,323	-	47,323
1410 Prepayments	59,508	-	-	59,508
1000 Total Assets	<u>\$ 4,610,488</u>	<u>\$ 1,117,643</u>	<u>\$ 535,957</u>	<u>\$ 6,264,088</u>
LIABILITIES				
2110 Accounts Payable	\$ 159,759	\$ -	\$ 55,216	\$ 214,975
2160 Accrued Wages Payable	475,971	-	33,639	509,610
2170 Due to Other Funds	47,323	-	-	47,323
2300 Unearned Revenue	-	-	90,000	90,000
2000 Total Liabilities	<u>683,053</u>	<u>-</u>	<u>178,855</u>	<u>861,908</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	656,118	298,534	-	954,652
2600 Total Deferred Inflows of Resources	<u>656,118</u>	<u>298,534</u>	<u>-</u>	<u>954,652</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	86,069	86,069
3480 Retirement of Long-Term Debt	-	819,109	-	819,109
Committed Fund Balance:				
3510 Construction	-	-	271,033	271,033
3600 Unassigned Fund Balance	3,271,317	-	-	3,271,317
3000 Total Fund Balances	<u>3,271,317</u>	<u>819,109</u>	<u>357,102</u>	<u>4,447,528</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,610,488</u>	<u>\$ 1,117,643</u>	<u>\$ 535,957</u>	<u>\$ 6,264,088</u>

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 4,447,528
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$32,092,927 and the accumulated depreciation was (\$16,349,154). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	9,411,716
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to decrease net position.	2,343,630
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,359,140, a deferred resource inflow in the amount of \$270,079, and a net pension liability in the amount of \$2,833,343. This resulted in an increase (decrease) in net position.	(1,744,282)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$907,327, a deferred resource inflow in the amount of \$3,262,755, and a net OPEB liability in the amount of \$1,926,940. This resulted in an increase (decrease) in net position.	(4,282,368)
6 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(574,758)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	1,024,461
19 Net Position of Governmental Activities	\$ 10,625,927

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,533,270	\$ 2,228,599	\$ 117,373	\$ 9,879,242
5800 State Program Revenues	3,431,838	47,323	95,706	3,574,867
5900 Federal Program Revenues	277,148	-	1,692,435	1,969,583
5020 Total Revenues	11,242,256	2,275,922	1,905,514	15,423,692
EXPENDITURES:				
Current:				
0011 Instruction	6,278,901	-	775,530	7,054,431
0012 Instructional Resources and Media Services	62,935	-	46,857	109,792
0013 Curriculum and Instructional Staff Development	187,291	-	42,470	229,761
0021 Instructional Leadership	6,496	-	6,248	12,744
0023 School Leadership	728,080	-	21,215	749,295
0031 Guidance, Counseling, and Evaluation Services	327,224	-	6,818	334,042
0033 Health Services	118,759	-	33,733	152,492
0034 Student (Pupil) Transportation	502,148	-	-	502,148
0035 Food Services	-	-	869,956	869,956
0036 Extracurricular Activities	678,201	-	-	678,201
0041 General Administration	980,152	-	36,043	1,016,195
0051 Facilities Maintenance and Operations	1,584,443	-	45,120	1,629,563
0052 Security and Monitoring Services	41,673	-	29,709	71,382
0053 Data Processing Services	260,587	-	3,619	264,206
0061 Community Services	4,149	-	41,348	45,497
Debt Service:				
0071 Principal on Long-Term Liabilities	252,590	2,030,000	-	2,282,590
0072 Interest on Long-Term Liabilities	19,201	133,129	-	152,330
0073 Bond Issuance Cost and Fees	-	1,050	-	1,050
Capital Outlay:				
0081 Facilities Acquisition and Construction	26,150	-	50,768	76,918
6030 Total Expenditures	12,058,980	2,164,179	2,009,434	16,232,593
1200 Net Change in Fund Balances	(816,724)	111,743	(103,920)	(808,901)
0100 Fund Balance - September 1 (Beginning)	4,251,355	838,130	705,533	5,795,018
1300 Prior Period Adjustment	(163,314)	(130,764)	(244,511)	(538,589)
3000 Fund Balance - August 31 (Ending)	\$ 3,271,317	\$ 819,109	\$ 357,102	\$ 4,447,528

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	(808,901)
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The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to decrease net position.		2,343,630
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(574,758)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		106,691
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GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$228,733. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$226,364. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by \$189,140. The net result is an increase (decrease) in the change in net position.		(186,771)
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GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$95,333. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$66,995. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by \$(275,274). The net result is an increase (decrease) in the change in net position.		303,612
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Change in Net Position of Governmental Activities	\$	1,183,503
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BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2023

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 36,820
Investments - Current	37,550
Total Assets	74,370
LIABILITIES	
Current Liabilities:	
Accounts Payable	33,485
Total Liabilities	33,485
NET POSITION	
Unrestricted Net Position	40,885
Total Net Position	\$ 40,885

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 54,696
Total Operating Revenues	54,696
OPERATING EXPENSES:	
Other Operating Costs	53,167
Total Operating Expenses	53,167
Operating Income	1,529
Total Net Position - September 1 (Beginning)	39,356
Total Net Position - August 31 (Ending)	\$ 40,885

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
Net Decrease in Cash and Cash Equivalents	(4,282)
Cash and Cash Equivalents at Beginning of Year	78,652
Cash and Cash Equivalents at End of Year	\$ 74,370
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 1,529
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(5,811)
Net Cash Used for Operating Activities	\$ (4,282)

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 223,184
Due from Other Funds	246,227
Total Assets	<u>469,411</u>
LIABILITIES	
Payroll Deductions and Withholdings Payable	97,603
Due to Other Funds	246,227
Total Liabilities	<u>343,830</u>
NET POSITION	
Unrestricted Net Position	<u>125,581</u>
Total Net Position	<u>\$ 125,581</u>

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

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 328,040
Total Additions	<u>328,040</u>
DEDUCTIONS:	
Other Deductions	<u>375,060</u>
Total Deductions	<u>375,060</u>
Change in Fiduciary Net Position	(47,020)
Total Net Position - September 1 (Beginning)	<u>172,601</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 125,581</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Banquete Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

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 position liability, deferred outflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all the Banquete Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

3. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's has no Enterprise Funds.
4. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is the "Worker's Compensation Self Insurance Fund".

Fiduciary Funds:

3. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Fund.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

D. FUND ACCOUNTING (continued)

4. **Custodial Funds:** The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Funds are the Tax Office Fund, Payroll Clearing Fund, and the Student Activity Funds. These funds did not require an Statement of Changes Fiduciary Fund-Net Position (Exhibit E-2).
5. **Other Special Revenue Funds:** The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their 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.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

E. OTHER ACCOUNTING POLICIES (continued)

5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building	20
Improvements	
Infrastructure	50
Vehicles	5
Office Equipment	5
Computer Equipment	5

Right-to-use leased assets and SBITA assets are depreciated/amortized using the straight line method over the term of the respective agreements.

6. Beginning in fiscal year 1993, the District established a Worker's Compensation Self-Insurance Plan for District employees. The plan covers all employees of the District. Individual claims exceeding \$150,000 and aggregate claims exceeding \$1,000,000 per year are covered by a private insurance carrier. The District established an Internal Service Fund to account for this plan.

7. 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.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

E. OTHER ACCOUNTING POLICIES (continued)

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board 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 governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints of 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 governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys 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.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Enterprise Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit J-4 and the other report is Exhibit J-5.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2023	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 640,669
Nonappropriated Budget Funds	<u>2,157,573</u>
All Special Revenue Funds	<u><u>\$ 2,798,242</u></u>

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

N/A

C. DEFICIT FUND EQUITY

There had no deficits in fund equities.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,598,302 and the bank balance was \$4,935,159. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Plains Capital Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$2,013,340.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$1,972,609 and occurred during the month of August, 2023.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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

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

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

The District's temporary investments at August 31, 2023, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TEXPOOL-MMA	\$ 1,536	\$ 1,536
LONESTAR INV. POOL	1,115	1,115
TEXAS TERM	4,140,706	4,231,541
	<u>\$ 4,143,357</u>	<u>\$ 4,234,192</u>

1. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

D. INTERFUND BALANCES AND ACTIVITIES

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Special Revenue Fund	\$ -	\$ 47,323
Total General Fund	<u>-</u>	<u>47,323</u>
Agency Fund		
General Fund	<u>246,227</u>	<u>246,227</u>
	246,227	246,227
Debt Service Fund		
General Fund	<u>47,323</u>	<u>-</u>
TOTAL	<u>\$ 293,550</u>	<u>\$ 293,550</u>

E. FUND BALANCES

The District has nonspendable, restricted, committed and unassigned fund balance as follows.

Description	<u>Amount</u>
Restricted Fund Balances:	
Federal/State Funds Grant Restrictions	86,069
Retirement of Long Term Debt	<u>819,109</u>
	905,178
Committed Fund Balance:	
Construction	<u>271,033</u>
	271,033
Unassigned:	
Unassigned	<u>3,271,317</u>
Total Fund Balance	<u>\$ 4,447,528</u>

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2023, was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirement	Adjustments	Ending Balance
Governmental Activities:					
Land	\$ 357,964	\$ -	\$ -	\$ -	\$ 357,964
Buildings and Improvements	22,695,846	1,758,593	-	-	24,454,439
Furniture and Equipment	4,312,010	69,810	-	-	4,381,820
Construction in Progress	4,563,007	-	1,758,593	-	2,804,414
Right to Use Asset	164,100	-	-	-	164,100
Totals at Historic Cost	32,092,927	1,828,403	1,758,593	-	32,162,737
Less Accumulated					
Depreciation for:					
Buildings and Improvements	(12,453,856)	(436,481)	-	-	(12,890,337)
Furniture and Equipment	(3,810,513)	(105,457)	-	-	(3,915,970)
Right to Use Asset	(84,785)	(32,820)	-	-	(117,605)
Total Accumulated					
Depreciation	(16,349,154)	(574,758)	-	-	(16,923,912)
Governmental Activities Capital					
Assets, Net	\$ 15,743,773	\$ 1,253,645	\$ 1,758,593	\$ -	\$ 15,238,825

Depreciation expense was charged to governmental function as follows:

Instruction	\$ 293,191
Instructional Resources and Media Services	5,439
Curriculum Dev. And Instructional Staff Dev.	10,882
School Leadership	21,763
Guidance, Counseling and Evaluation Services	10,881
Health Services	5,437
Student (Pupil) Transportation	28,008
Food Services	32,633
Cocurricular/Extracurricular Activities	23,464
General Administration	32,525
Plant Maintenance and Operations	110,535
Total Depreciation Expense	<u>\$ 574,758</u>

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

G. LONG-TERM LIABILITIES

Bonded indebtedness of the District is reflected in the General Long-Term debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2023, is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance	Increase	Decreases	Ending Balance	Amounts Due Within One Year
U/L Tax Refunding Bonds, Series 2012	3.0%	\$ 6,390,000	\$ 4,463	\$ 255,000	\$ -	\$ 255,000	\$ -	\$ -
U/L Tax Refunding Bonds, Series 2015	2-4%	3,245,000	63,400	1,745,000	-	320,000	1,425,000	335,000
Maintenance Tax Notes, Series 2017	2.95%	288,260	1,848	61,189	-	61,189	-	-
Time Warrants, Series 2019	2.20%	567,000	3,861	233,000	-	115,000	118,000	118,000
U/L Tax School Building Bond, Series 2021	2.00%	4,100,000	62,600	3,130,000	-	1,455,000	1,675,000	1,675,000
Public Property Financing	2.30%	515,268	10,760	468,841	-	47,492	421,349	48,582
Premium / discount			-	1,163,656	-	67,494	1,096,162	67,494
Capital Lease			-	-	-	-	-	-
Total Long-Term Debt			\$ 146,932	\$ 7,056,686	\$ -	\$ 2,321,175	\$ 4,735,511	\$ 2,244,076
Net Pension Liability				1,252,053	1,803,991	222,701	2,833,343	-
Net OPEB Liability				3,278,025	-	1,351,085	1,926,940	-
Total Other Long-Term Debt				4,530,078	1,803,991	1,573,786	4,760,283	-
Total Governmental Activities				\$ 11,586,764	\$ 1,803,991	\$ 3,894,961	\$ 9,495,794	\$ 2,244,076

The District issued time warrants-Series 2019 in the amount of \$567,000, interest rate 2.2%, payable annually \$110,000-\$118,000 with maturity date August 31, 2024.

Debt service requirements are as follows:

Year Ended August 31	Principal	Interest	Total Requirements
2024	\$ 2,176,582	\$ 225,508	\$ 2,402,090
2025	394,697	146,349	541,046
2026	415,837	96,066	511,903
2027	432,004	45,256	477,260
2028	53,198	29,914	83,112
Thereafter	167,048	26,626	193,674
Total	\$ 3,639,366	\$ 569,719	\$ 4,209,085

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

G. LONG-TERM LIABILITIES (Continued)

Advance Refunding of Debt

On April 13, 2012, the District issued Series 2012 bonds totaling \$6,390,000 with interest rates ranging from 3.00% to 3.50% to advance refund \$6,390,000 of Series 2005 Bonds with an interest rate 5.00%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, \$6,390,000 of Series 2005 bonds are considered to be defeased and the liability for those bonds is now \$1,023,057. On April 5, 2012, the District issued Series 2012A bonds totaling \$590,000 with interest rates ranging from 1.87% to 2.37% to pay off a short term note payable of \$547,000 with an interest rate of 1.790%. As a result, the \$547,000 short term note payable is considered

to be defeased and the liability for that payable was removed from the debt. The refunding resulted in a reduction of total debt service payments over 13 years by \$241,925 to obtain an economic gain of \$233,884. During the year ended August 31, 2022, the District defeased \$1,000,000 of Series 2012 bonds to save on total debt service. Accordingly, the related liabilities are not included in the District's financial statements. The District placed \$1,000,000 of cash and other monetary assets acquired with existed resources in an escrow account to provide resources for all future debt service payments of \$1,000,000 of defeased debt.

Advance Refunding of Debt

On June 15, 2015, the District issued Series 2015 bonds totaling \$3,245,000 with interest rates ranging from 2.00% to 4.00% to advance refund \$3,245,000 of Series 2007 Bonds with an interest rate 5.00%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, \$3,245,000 of Series 2007 bonds are considered to be defeased and the liability for those bonds is now \$495,000. The refunding resulted in a reduction of total debt service payments over 12 years by \$229,783 to obtain an economic gain of \$205,080.

H. RIGHT-TO-USE LEASE LIABILITIES PAYABLE

The District leases photocopy machines with one agreement having a 60 month term. Payments are made monthly which consist of principal and imputed annual interest. No assets were pledged as collateral for these leases. A summary of Right-To-Use Lease arrangements for the year ended August 31, 2023, is as follows:

	Interest Rate Payable	Original Lease Liability	Current Year Interest	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance	Amounts Due Within One Year
NDS Leasing	4.75%	\$ 164,100	\$ 5,249	\$ 95,461	\$ -	\$ 28,910	\$ 66,551	\$ 30,313
Total			\$ 5,249	\$ 95,461	\$ -	\$ 28,910	\$ 66,551	\$ 30,313

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 30,313	\$ 2,507	\$ 32,820
2025	36,238	1,053	37,291
Totals	\$ 66,551	\$ 3,560	\$ 70,111

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

I. HEALTH CARE COVERAGE

During the year ended August 31, 2023 employees of the Banquete Independent School District were covered by a health insurance plan (the plan). The District contributed \$225 per month per employee to the plan and employees, at their option, authorized payroll withholding to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Section 21.922, Texas Education code, and was documented by contractual agreement.

The Texas School Employees Uniform Group Health Coverage Act, which was enacted by the 77th Texas Legislature, established a statewide health insurance program for public education employees effective September 1, 2006. The Banquete ISD has elected to participate in the statewide TRS Active-Care Program.

J. PENSION PLAN OBLIGATIONS

A. 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.

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Annual Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

J. PENSION PLAN OBLIGATIONS (CONTINUED)

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

D. Contributions

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

Contribution Rates

	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
 Banquete ISD 2022 Employer Contributions		\$ 228,733
Banquete ISD 2022 Member Contributions		\$ 586,285
Banquete ISD 2022 NECE On-behalf Contributions		\$ 467,348

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

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

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

J. PENSION PLAN OBLIGATIONS (CONTINUED)

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

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

E. Actuarial Assumptions

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 9.00%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc post-employment benefit changes	None

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

F. 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 pension plan investments of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

J. PENSION PLAN OBLIGATIONS (Continued)

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 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%	3.6%	0.94%
Non-U.S. Developed	13.0	4.4	0.83
Emerging Markets	9.0	4.6	0.74
Private Equity	14.0	6.3	1.36
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0	1.1	0.00
Stable Value Hedge	5.0	2.2	0.12
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources & Infrastructure	6.0	4.7	0.35
Commodities	0.0	1.7	0.00
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0	-0.5	0.03
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Total	100.0%		6.90%

* Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2021 policy model

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

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

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Banquete's proportionate share of the net pension liability:	\$ 4,407,607	\$ 2,833,343	\$ 1,557,328

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

J. PENSION PLAN OBLIGATIONS (Continued)

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

At August 31, 2023, the District reported a liability of \$2,833,343 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 2,833,343
State's proportionate share that is associated with the District	5,945,889
Total	<u>\$ 8,779,232</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was .0047725541%, which was an increase (decrease) of .0001439228% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, the District recognized pension expense of \$983,864 and revenue of \$568,360 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 41,083	\$ 61,772
Changes in actuarial assumptions	527,944	131,578
Difference between projected and actual investment earnings	279,925	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	281,455	76,729
Total as August 31, 2021 measurement date	1,130,407	270,079
Contributions paid to TRS subsequent to the measurement date	228,733	-
Total as of fiscal year ended	\$ 1,359,140	\$ 270,079

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

J. PENSION PLAN OBLIGATIONS (Continued)

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

Year ended June 30,	Pension Expense Amount
2024	\$ 244,341
2025	151,425
2026	79,476
2027	344,335
2028	40,751
Thereafter	-

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with 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.

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible 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.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

TRS-Care Monthly for Retirees

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

D. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
 Banquete ISD 2022 Employer Contributions		 \$ 95,333
Banquete ISD 2022 Member Contributions		\$ 47,638
Banquete ISD 2022 NECE On-Behalf Contributions		\$ 80,630

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

E. Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

F. Discount Rate:

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

G. 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 in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Banquete's proportionate share of the Net OPEB liability:	\$ 2,272,016	\$ 1,926,940	\$ 1,647,385

H. OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2023, the District reported a liability of \$1,926,940 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 1,926,940
State's proportionate share that is associated with the District	2,350,565
Total	<u>\$ 4,277,505</u>

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was .0080476944%, which was an increase (decrease) of -.0004502185% from its proportion measured as of August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Trend Rate
Banquete's proportionate share of the Net OPEB liability:	\$ 1,587,808	\$ 1,926,940	\$ 2,366,582

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

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

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

For the ended August 31, 2023, the District recognized OPEB expense of (\$541,843) and revenue of (\$333,564) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 107,131	\$ 1,605,314
Changes in actuarial assumptions	293,511	1,338,724
Difference between projected and actual investment earnings	5,740	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	405,612	318,717
Total as of August 31, 2020 measurement date	811,994	3,262,755
Contributions paid to TRS subsequent to the measurement date	95,333	-
Total as of fiscal year-end	\$ 907,327	\$ 3,262,755

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

Year ended August 31:	Pension Expense Amount
2024	\$ (428,393)
2025	(428,673)
2026	(346,958)
2027	(236,329)
2028	(312,954)
Thereafter	(697,154)

Medicare on Behalf Payments. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on behalf of the District were \$38,083, \$30,271, and \$32,374, respectively.

L. UNEMPLOYMENT COMPENSATION POOL

The District has established the Worker's Compensation Internal Service Fund to account for workers compensation claims. During the year ended August 31, 2023, Banquete ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute "Interlocal Agreements" that define the responsibilities of the parties.

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of Ernst & Young to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

M. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays only the state approved sick leave and vacation leave in a lump cash payment to such employee or his/her estate. The District does not recognize an accumulated sick leave or vacation leave liability.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

N. DEFERRED COMPENSATION PLAN

Employees of the Banquete Independent School District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments). The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan has been administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the District subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

O. DEFERRED REVENUES

Bulletin 679 provides that Texas school districts record net tax levies initially as deferred revenue and convert those deferrals to realized revenue when the taxes are collected. A district may convert all delinquent tax collections expected to be made in the first sixty days of the next fiscal year from deferred revenue to realized revenue of the current year. Banquete Independent School District had the following deferred revenues at August 31, 2023:

	General Fund	Debt Service Fund	Total
Net Unrealized Property Taxes	\$ 820,147	\$ 373,167	\$ 1,193,314
Less amounts expected to be collected	(164,029)	(74,633)	(238,662)
Total Deferred Revenues	<u>\$ 656,118</u>	<u>\$ 298,534</u>	<u>\$ 954,652</u>

P. LITIGATION

The District is currently involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings, individually and in the aggregate, will have no material effect on the District's financial position.

Q. OTHER SIGNIFICANT COMMITMENTS OR CONTINGENCIES

The District did not have any commitments and contingencies which needed to be reflected or noted in the financial statements.

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

R. 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, 2023, are reported on the combined financial statements as Due From Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Total
General	\$ 770,030	\$ -	\$ 770,030
Special Revenue	-	131,827	131,827
Total	<u>\$ 770,030</u>	<u>\$ 131,827</u>	<u>\$ 901,857</u>

S. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$ 6,976,348	\$ -	\$ 2,079,478	\$ 9,055,826
Penalties, Interest and Other Tax-related Income	62,147	-	19,343	81,490
Investment Income	413,234	10,573	129,779	553,586
Food Sales	-	106,800	-	106,800
Co-curricular Student Activities	39,091	-	-	39,091
Other	42,448	-	-	42,448
Total	<u>\$ 7,533,268</u>	<u>\$ 117,373</u>	<u>\$ 2,228,600</u>	<u>\$ 9,879,241</u>

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

T. RISK MANAGEMENT

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's program for managing risks includes:

- 1) participation in a public entity risk pool (TASB) to cover liability claims such as workers compensation, life, medical and general liability claims;
- 2) purchasing commercial property insurance for protection from theft and damages due to windstorms, hurricanes, hail storms, floods, accidents and District's liability;
- 3) providing employees with various safety programs. Except for deductibles of up to \$10,000 on property damage and \$100,000 on windstorm damage, the District has transferred risk of loss to the public entity risk pool and commercial insurers. There have been no significant reductions in insurance coverage from coverage in the prior year. Except for deductibles paid, settlement amount have not exceeded insurance coverage for the current year or the three prior fiscal years. In the event of a loss for uninsurable assets (underground pipelines and similar facilities) the District policy has been to maintain substantial reserves within fund balances.

U. RELATED ORGANIZATIONS

None.

V. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 22, 2024, the date which the financial statements were available to be issued.

X. MAINTENANCE OF EFFORT

For fully insured districts/entities/risk pools, enter the total amount paid by the district for employee health care premiums as reported to TEA per Note L.

a) Total District Premium paid for health care 2022-2023	\$ 763,467
b) Subtract any non-medical expenditures	
Life Insurance	\$ -
Long-Term Disability	-
c) 2022-2023 Maintenance of Effort	<u>\$ 763,467</u>

Banquete Independent School District
Notes to the Financial Statements
Year ended August 31, 2023

Y. GASB 63

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets.

Z. GASB 87 & GASB 96

The District implemented GASB 87 for reporting leases during the reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "longterm" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.

The right-to-use lease asset capitalization level is determined by the Board of Trustees. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made.

The District implemented GASB 96 for reporting subscription-based information technology arrangements (SBITAs) during this reporting period. A SBITA is defined as a contract that conveys control over another entity's IT software as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a SBITA, it must meet the definition of a "long-term" SBITA provided in GASB 96. The right-to-use SBITA liability is reported in the governmentwide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense. There were no SBITAs material to the financial statements that were recorded during the year audited.

AA. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of (\$538,589) was made to the governmental funds to correctly reflect balance sheet accounts, which decreased ending net position and fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,146,914	\$ 7,533,270	\$ 7,533,270	\$ -
5800 State Program Revenues	3,478,083	3,431,838	3,431,838	-
5900 Federal Program Revenues	24,129	277,148	277,148	-
5020 Total Revenues	10,649,126	11,242,256	11,242,256	-
EXPENDITURES:				
Current:				
0011 Instruction	5,965,332	6,313,380	6,278,901	34,479
0012 Instructional Resources and Media Services	60,847	63,549	62,935	614
0013 Curriculum and Instructional Staff Development	175,316	195,387	187,291	8,096
0021 Instructional Leadership	7,000	6,506	6,496	10
0023 School Leadership	726,623	728,406	728,080	326
0031 Guidance, Counseling, and Evaluation Services	331,817	328,927	327,224	1,703
0033 Health Services	97,419	119,281	118,759	522
0034 Student (Pupil) Transportation	353,659	502,904	502,148	756
0036 Extracurricular Activities	620,938	679,737	678,201	1,536
0041 General Administration	653,669	984,683	980,152	4,531
0051 Facilities Maintenance and Operations	1,389,846	1,584,761	1,584,443	318
0052 Security and Monitoring Services	73,000	73,500	41,673	31,827
0053 Data Processing Services	228,408	262,647	260,587	2,060
0061 Community Services	3,600	4,279	4,149	130
Debt Service:				
0071 Principal on Long-Term Liabilities	275,000	275,000	252,590	22,410
0072 Interest on Long-Term Liabilities	20,000	19,300	19,201	99
Capital Outlay:				
0081 Facilities Acquisition and Construction	27,000	27,000	26,150	850
6030 Total Expenditures	11,009,474	12,169,247	12,058,980	110,267
1200 Net Change in Fund Balances	(360,348)	(926,991)	(816,724)	110,267
0100 Fund Balance - September 1 (Beginning)	4,251,355	4,251,355	4,251,355	-
1300 Prior Period Adjustment	-	-	(163,314)	(163,314)
3000 Fund Balance - August 31 (Ending)	\$ 3,891,007	\$ 3,324,364	\$ 3,271,317	\$ (53,047)

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BANQUETE 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.004772554%	0.004916477%	0.004680871%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,833,343	\$ 1,252,053	\$ 2,506,979
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,945,889	2,812,805	5,810,251
Total	<u>\$ 8,779,232</u>	<u>\$ 4,064,858</u>	<u>\$ 8,317,230</u>
District's Covered Payroll	\$ 7,488,016	\$ 7,516,851	\$ 7,100,182
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	37.84%	16.66%	35.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20,183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.003921722%	0.004102742%	0.00373053%	0.003710186%	0.0034459%	0.0017238%
\$ 2,038,634	\$ 2,258,249	\$ 1,192,822	\$ 1,402,024	\$ 1,218,080	\$ 460,151
5,475,986	5,938,822	3,530,359	4,101,463	3,777,788	3,340,420
\$ 7,514,620	\$ 8,197,071	\$ 4,723,181	\$ 5,503,487	\$ 4,995,868	\$ 3,800,571
\$ 6,368,922	\$ 6,368,922	\$ 6,098,997	\$ 6,202,071	\$ 5,850,793	\$ 5,476,195
32.01%	35.46%	19.56%	22.61%	20.82%	8.41%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 228,733	\$ 226,365	\$ 197,608
Contribution in Relation to the Contractually Required Contribution	(228,733)	(226,365)	(197,608)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,328,997	\$ 7,488,016	\$ 7,516,851
Contributions as a Percentage of Covered Payroll	3.12%	3.02%	2.63%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

2020	2019	2018	2017	2016	2015
\$ 163,439	\$ 139,876	\$ 138,804	\$ 174,535	\$ 225,375	\$ 179,685
(163,439)	(139,876)	(138,804)	(174,535)	(225,375)	(179,685)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,100,182	\$ 6,476,485	\$ 6,368,922	\$ 5,783,140	\$ 6,202,071	\$ 5,850,793
2.30%	2.16%	2.18%	3.02%	3.63%	3.07%

BANQUETE 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.008047694%	0.008497913%	0.008345811%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,926,940	\$ 3,278,025	\$ 3,172,620
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,350,565	4,391,823	4,263,241
Total	<u>\$ 4,277,505</u>	<u>\$ 7,669,848</u>	<u>\$ 7,435,861</u>
District's Covered Payroll	\$ 7,488,016	\$ 7,516,851	\$ 7,100,182
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.73%	43.61%	44.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u>		<u>FY 2019</u>		<u>FY 2018</u>	
<u>Plan Year 2019</u>		<u>Plan Year 2018</u>		<u>Plan Year 2017</u>	
0.008536004%		0.008089357%		0.007444493%	
\$	4,036,778	\$	4,039,090	\$	3,237,331
	5,363,979		5,537,271		4,946,432
\$	9,400,757	\$	9,576,361	\$	8,183,763
\$	6,368,922	\$	6,368,922	\$	6,098,997
	63.38%		63.42%		53.08%
	2.66%		1.57%		0.91%

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 95,333	\$ 66,995	\$ 74,885
Contribution in Relation to the Contractually Required Contribution	(95,333)	(66,995)	(74,885)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,328,997	\$ 7,488,016	\$ 7,516,851
Contributions as a Percentage of Covered Payroll	1.30%	0.89%	1.00%

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

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

2020		2019		2018	
\$	76,252	\$	56,743	\$	57,113
	(76,252)		(56,743)		(57,113)
\$	-	\$	-	\$	-
\$	7,100,182	\$	6,476,485	\$	6,368,922
	1.07%		0.88%		0.90%

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COMBINING AND OTHER STATEMENTS

BANQUETE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	242 Summer Feeding Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 11,883	\$ -
1120	Investments - Current	4,188	-	-	-
1240	Due from Other Governments	5,839	-	125,988	-
1000	Total Assets	<u>\$ 10,027</u>	<u>\$ -</u>	<u>\$ 137,871</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 55,216	\$ -
2160	Accrued Wages Payable	10,027	-	23,612	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>10,027</u>	<u>-</u>	<u>78,828</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	59,043	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>59,043</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,027</u>	<u>\$ -</u>	<u>\$ 137,871</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	266 ESSER I - Emergency Sch Relief Fund	270 ESEA V, B,2 Rural & Low Income	277 Coronavirus Relief Fund CARES	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 27,026	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,026</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	27,026	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>27,026</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,026</u>	<u>\$ -</u>

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 90,000	\$ 128,909	\$ 129,899	\$ 258,808
-	4,188	141,134	145,322
-	131,827	-	131,827
<u>\$ 90,000</u>	<u>\$ 264,924</u>	<u>\$ 271,033</u>	<u>\$ 535,957</u>
\$ -	\$ 55,216	\$ -	\$ 55,216
-	33,639	-	33,639
90,000	90,000	-	90,000
<u>90,000</u>	<u>178,855</u>	<u>-</u>	<u>178,855</u>
-	86,069	-	86,069
-	-	271,033	271,033
-	86,069	271,033	357,102
<u>\$ 90,000</u>	<u>\$ 264,924</u>	<u>\$ 271,033</u>	<u>\$ 535,957</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	242 Summer Feeding Program
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 106,800	\$ -
5800	State Program Revenues	-	-	24,557	-
5900	Federal Program Revenues	224,155	57,787	697,394	-
5020	Total Revenues	224,155	57,787	828,751	-
EXPENDITURES:					
Current:					
0011	Instruction	140,875	49,975	-	-
0012	Instructional Resources and Media Services	41,501	-	-	-
0013	Curriculum and Instructional Staff Development	1,995	-	-	-
0021	Instructional Leadership	6,248	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	863,182	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	33,536	7,812	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	224,155	57,787	863,182	-
1200	Net Change in Fund Balance	-	-	(34,431)	-
0100	Fund Balance - September 1 (Beginning)	-	-	79,732	29,709
1300	Prior Period Adjustment	-	-	13,742	(29,709)
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 59,043	\$ -

255 ESEA II,A Training and Recruiting	266 ESSER I - Emergency Sch Relief Fund	270 ESEA V, B,2 Rural & Low Income	277 Coronavirus Relief Fund CARES	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
17,082	-	-	-	10,739	-	644,041	3,551
17,082	-	-	-	10,739	-	644,041	3,551
-	-	-	-	309	-	542,703	-
-	-	-	-	-	-	1,805	3,551
17,082	-	-	-	10,430	-	7,188	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,215	-
-	-	-	-	-	-	6,818	-
-	-	-	-	-	-	756	-
-	-	-	-	-	-	6,774	-
-	-	-	-	-	-	36,043	-
-	-	-	-	-	-	17,120	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,619	-
-	-	-	-	-	-	-	-
17,082	-	-	-	10,739	-	644,041	3,551
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BANQUETE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	11,017	60,132
5900 Federal Program Revenues	37,686	-	-	-
5020 Total Revenues	37,686	-	11,017	60,132
EXPENDITURES:				
Current:				
0011 Instruction	-	-	6,861	34,807
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	5,775
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	32,977	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	4,709	-	-	25,000
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	37,686	-	6,861	65,582
1200 Net Change in Fund Balance	-	-	4,156	(5,450)
0100 Fund Balance - September 1 (Beginning)	-	121	286,717	(29,974)
1300 Prior Period Adjustment	-	(121)	(263,847)	35,424
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 27,026	\$ -

499	Total	699	Total
Other Local	Nonmajor	Capital	Nonmajor
Special	Special	Projects	Governmental
Revenue Funds	Revenue Funds	Fund	Funds
\$ -	\$ 106,800	\$ 10,573	\$ 117,373
-	95,706	-	95,706
-	1,692,435	-	1,692,435
-	1,894,941	10,573	1,905,514
-	775,530	-	775,530
-	46,857	-	46,857
-	42,470	-	42,470
-	6,248	-	6,248
-	21,215	-	21,215
-	6,818	-	6,818
-	33,733	-	33,733
-	869,956	-	869,956
-	36,043	-	36,043
-	17,120	28,000	45,120
-	29,709	-	29,709
-	3,619	-	3,619
-	41,348	-	41,348
-	-	50,768	50,768
-	1,930,666	78,768	2,009,434
-	(35,725)	(68,195)	(103,920)
-	366,305	339,228	705,533
-	(244,511)	-	(244,511)
\$ -	\$ 86,069	\$ 271,033	\$ 357,102

BANQUETE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2023

	863 Payroll Clearing Fund	865 Custodial Fund Student Activity Acct	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 97,603	\$ 125,581	\$ 223,184
Due from Other Funds	246,227	-	246,227
Total Assets	<u>343,830</u>	<u>125,581</u>	<u>469,411</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable	97,603	-	97,603
Due to Other Funds	246,227	-	246,227
Total Liabilities	<u>343,830</u>	<u>-</u>	<u>343,830</u>
NET POSITION			
Unrestricted Net Position	-	125,581	125,581
Total Net Position	<u>\$ -</u>	<u>\$ 125,581</u>	<u>\$ 125,581</u>

BANQUETE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	863 Payroll Clearing Fund	865 Custodial Fund Student Activity Acct	Total Custodial Funds
ADDITIONS:			
Miscellaneous Revenue - Student Activities	\$ -	\$ 328,040	\$ 328,040
Total Additions	-	328,040	328,040
DEDUCTIONS:			
Other Deductions	-	375,060	375,060
Total Deductions	-	375,060	375,060
Change in Net Position	-	(47,020)	(47,020)
Net Position - September 1 (Beginning)	-	172,601	172,601
Net Position - August 31 (Ending)	\$ -	\$ 125,581	\$ 125,581

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T.E.A. REQUIRED SCHEDULES

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ 3,178,995,831
2015	1.170000	0.343200	276,989,092
2016	1.170000	0.343200	315,995,467
2017	1.170000	0.343200	342,197,230
2018	1.170000	0.343200	371,175,352
2019	1.170000	0.299360	398,714,320
2020	1.068400	0.378136	605,974,392
2021	1.054700	0.378100	598,532,373
2022	1.033500	0.323530	683,326,809
2023 (School year under audit)	0.942900	0.278320	774,373,168
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 345,032	\$ -	\$ 12,099	\$ 4,035	\$ (43,587)	\$ 285,311
58,068	-	3,197	938	(320)	53,613
46,661	-	5,392	1,582	(216)	39,471
53,706	-	6,382	1,872	(190)	45,262
72,646	-	10,302	3,022	(742)	58,580
91,861	-	15,091	3,861	1,209	74,118
103,346	-	15,526	5,495	1,310	83,635
140,966	-	22,010	7,890	(259)	110,807
234,926	-	61,130	19,136	(14,918)	139,742
-	9,456,800	7,031,950	2,075,651	(46,423)	302,776
<u>\$ 1,147,211</u>	<u>\$ 9,456,800</u>	<u>\$ 7,183,079</u>	<u>\$ 2,123,482</u>	<u>\$ (104,136)</u>	<u>\$ 1,193,314</u>
<u>\$ 0.00</u>					

BANQUETE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 96,323	\$ 106,800	\$ 106,800	\$ -
5800 State Program Revenues	3,149	24,557	24,557	-
5900 Federal Program Revenues	354,582	697,394	697,394	-
5020 Total Revenues	454,054	828,751	828,751	-
EXPENDITURES:				
Current:				
0035 Food Services	640,670	863,182	863,182	-
6030 Total Expenditures	640,670	863,182	863,182	-
1200 Net Change in Fund Balances	(186,616)	(34,431)	(34,431)	-
0100 Fund Balance - September 1 (Beginning)	79,732	79,732	79,732	-
1300 Prior Period Adjustment	-	-	13,742	13,742
3000 Fund Balance - August 31 (Ending)	\$ (106,884)	\$ 45,301	\$ 59,043	\$ 13,742

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,060,905	\$ 2,228,599	\$ 2,228,599	\$ -
5800 State Program Revenues	45,000	47,323	47,323	-
5020 Total Revenues	2,105,905	2,275,922	2,275,922	-
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,030,000	2,030,000	2,030,000	-
0072 Interest on Long-Term Liabilities	130,463	133,129	133,129	-
0073 Bond Issuance Cost and Fees	1,050	1,050	1,050	-
6030 Total Expenditures	2,161,513	2,164,179	2,164,179	-
1200 Net Change in Fund Balances	(55,608)	111,743	111,743	-
0100 Fund Balance - September 1 (Beginning)	838,130	838,130	838,130	-
1300 Prior Period Adjustment	-	-	(130,764)	(130,764)
3000 Fund Balance - August 31 (Ending)	\$ 782,522	\$ 949,873	\$ 819,109	\$ (130,764)

BANQUETE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	891506
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	343180

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	12225
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	1953

**REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS**

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Raul Hernandez & Company, P.C.
Certified Public Accountants
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**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***

Independent Auditors' Report

Banquete Independent School District
4339 4th Street
Banquete, Texas 78339

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banquete Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Banquete Independent School District's basic financial statements, and have issued our report thereon dated February 22, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Banquete Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Banquete Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Banquete Independent School 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 the response.

Purpose of this Report

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

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

February 22, 2024

Raul Hernandez & Company, P.C.

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Banquete Independent School District
4339 4th Street
Banquete, Texas 78339

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Banquete 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 Banquete Independent School District's major federal programs for the year ended August 31, 2023. Banquete 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, Banquete Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Banquete 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 Banquete 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 Banquete 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.

Raul Hernandez & Company, P.C.

Corpus Christi, TX

February 22, 2024

**BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

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? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial
statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported
in accordance with Title 2 U.S. Code of Federal Regulations
(CFR) Part 200? Yes X No

Identification of major programs:

CFDA Number(s)

10.553

10.555

Name of Federal Program or Cluster

School Breakfast Program

National School Lunch Program

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

Auditee qualified as low-risk auditee? Yes X No

**BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

B. Financial Statement Findings

Finding No. 2023-001. Repeat Finding

Criteria: The district's accounting system must make it possible both: (a) to present fairly and fully disclose the funds and activities of the district in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Condition: The District did not prepare accurate schedules of Due to & Due from, a schedule of transfers, accurate schedules of debt, and accurate depreciation schedule and other year-end supporting schedules.

Cause: The District lacks sufficient staff to assist with the year-end closing of the district's books, including preparation of supporting schedules and the general ledger. During the year, a key accounting position was vacated due to the retirement of an employee. The distribution of her duties took an extraordinary amount of time to adapt to the processes. The district has contracted with Region 2 Education Service Center to provide technical assistance with balancing and year end closing. However, the services provided were delayed due to the workload of the Education Service Center and coordinating a schedule. This caused the financial reporting needed for the audit to be delayed.

Effect: The District had various ledgers that were not balanced or reconciled at year end, and this has delayed the completion of the audit.

Recommendation: The District must develop a year end closing plan and ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: The District is going to create a process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and enhanced cross training will be conducted. The District is using the Region 2 Education Service Center personnel and will provide technical assistance and assist with year-end closing.

**C. Federal Award Findings and Questioned Costs
NONE**

BANQUETE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

Finding No. 2022-001.

Criteria: The district's accounting system must make it possible both: (a) to present fairly and fully disclose the funds and activities of the district in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Condition: The District did not prepare accurate schedules of Due to & Due from, a schedule of transfers, accurate schedules of debt, and accurate capital lease schedule and other year-end supporting schedules.

Cause: The District lacks sufficient staff to assist with the year-end closing of the district's books, including preparation of supporting schedules and the general ledger. The district contracts with an independent fee accountant/CPA to provide technical assistance with balancing and year end closing. The independent fee accountant/CPA retired during the fiscal year and the district did not find a suitable replacement. The district reached out to the retired CPA and requested his assistance and he returned only to assist with preparation of the year end balancing of the current year end general ledger. This caused a delay in financial reporting for the audit.

Effect: The District had various ledgers that were not reconciled at year end, and this has delayed the completion of the audit.

Recommendation: The District must develop a year end closing plan and ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: The District is going to create a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training will be conducted. A new fee accountant/CPA has been hired to provide technical assistance throughout the fiscal year and assist with year-end closing.

Status: See Current Year Finding 2023-001

Finding No. 2022-002.

Criteria: The district is required to maintain accurate and timely sub-ledgers of the school activity funds/accounts throughout the fiscal year, including bank account reconciliations and accounting for all transactions. Individuals handling the activity funds must be properly trained and supervised.

Condition: Management encountered discrepancies in one of the school activity funds. Management requested that we expand our audit scope to conduct an examination of the school activity funds for audit period 2022 and prior years.

Cause: The clerical staff who are responsible for the school activity funds were not being properly trained and supervised in prior years. The current year Management conducted an internal review of all activity school accounts and discovered the discrepancy.

BANQUETE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

Effect: Our examination disclosed one of the school activity funds had an unreconciled bank account and the available cash balance did not have sufficient funds to pay its current bills. Cash receipt books were incomplete or missing. We determined that this school activity fund was delinquent each year on a large vendor invoice amount. This practice of delaying the payment to the vendor had continued for a few years

Finding No. 2022-002 (continued)

until the discrepancy was discovered during the internal management review. Each year, the delinquent vendor invoice was being paid from funds raised for the following school year. During the fiscal year 2022, the district provided the school activity fund with a check in the amount of \$15,183.18 payable directly to the vendor in order to become current on the account. The school activity fund has subsequently reimbursed the district \$4,265.98. Management will address the outstanding balance at a later date.

Recommendation: The Finance department should be properly informed and conduct a periodic review of all activity funds. The clerical staff in charge of the activity funds should be properly trained and supervised by an responsible official. The district must ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: The District has a step by step process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and cross training.

Status: Finding Corrected.

BANQUETE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

Management Response: The District is going to create a process for year-end closing which will be developed and implemented for full compliance of financial reporting at year-end and enhanced cross training will be conducted. The district is using the Region 2 Education Service Center personnel and will provide technical assistance and assist with year-end closing.

BANQUETE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23-610101178913	\$ 224,155
ESEA, Title I, Part C - Migratory Children	84.011	23-615001178913	57,787
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23-694501178913	17,082
COVID 19 - ESSER III - School Emergency Relief	84.425D	20-521001178913	644,041
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21-528042178913	10,739
Total Assistance Listing Number 84.425			654,780
Innovative Approaches to Literacy	84.215	22-393503178913	3,551
Student Support Academic Enrichment Program	84.424	22-393503178913	37,686
Total Passed Through Texas Education Agency			995,041
TOTAL U.S. DEPARTMENT OF EDUCATION			995,041
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778		3,805
Total Passed Through Texas Health and Human Services Commission			3,805
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,805
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	219,348
*National School Lunch Program - Cash Assistance	10.555	71302301	475,626
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302301	2,420
Total Assistance Listing Number 10.555			478,046
Total Child Nutrition Cluster			697,394
Total Passed Through the Texas Department of Agriculture			697,394
TOTAL U.S. DEPARTMENT OF AGRICULTURE			697,394
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,696,240
*Clustered Programs			

**BANQUETE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Banquete Independent School District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Sub-recipients:

During the year ended August 31, 2023, the District had no sub-recipients.

Federal Loans and Loan Guarantees:

During the year ended August 31, 2023, the District had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the year ended August 31, 2023, the District had no federally funded insurance.

Noncash awards:

During the year ended August 31, 2023, the District received \$0 of federal awards in the form of noncash-assistance.

Indirect Cost Rate:

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended August 31, 2023, the District did not elect to use this rate.

**RECONCILIATION FROM THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO
EXHIBIT C-3:**

Total Federal Award Expended	\$ 1,696,240
Other TEA	<u>273,343</u>
Exhibit C-3	<u><u>\$ 1,969,583</u></u>

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

Banquete Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	