PRELIMINARY OFFICAL STATEMENT DATED MAY 5, 2025

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE - Book-Entry-Only

RATINGS:
Moody's: "Aa2"
(See "OTHER INFORMATION – Ratings" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX EXEMPTION" herein.

$14,070,000*
BRAZOSPORT COLLEGE DISTRICT
(A Political Subdivision of the State of Texas Located in Brazoria County)
MAINTENANCE TAX NOTES, SERIES 2025

Dated Date: May 15, 2025
Interest to accrue from Delivery Date

Due: February 15, as shown on the inside cover page

The $14,070,000* Brazosport College District, Maintenance Tax Notes, Series 2025 (the "Notes") are direct and continuing obligations of the Brazosport College District (the "District") payable as to principal and interest from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the District. See "TAX INFORMATION – Tax Rate Limitation" herein. The Notes are being issued pursuant to the Constitution and laws of the State of Texas, particularly Sections 45.108, 130.084, and 130.122 Texas Education Code, as amended, and an order to be adopted by the Board of Trustees (the "Board") of the District on May 19, 2025 (the "Order").

Interest on the Notes will accrue from the date of their initial delivery to the initial purchaser thereof named below (the "Underwriter") and is payable on February 15 and August 15 of each year, commencing on February 15, 2026, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Notes will be issued as fully registered obligations in principal denominations of $5,000 or any integral multiple thereof.

The Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Book-entry interests in the Notes will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a maturity. **Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased**. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by the Paying Agent/Registrar, initially Amegy Bank, a division of ZB, National Association, Houston, Texas (the "Paying Agent/Registrar"), to DTC, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry-Only System" herein.

See Maturity Schedule on the inside cover page

Proceeds from the sale of the Notes will be used (i) for the purpose of paying costs of remodeling and updating various buildings on campus including heating & cooling systems, piping, roofing, water, sanitation, flooring, electric, or other building systems of existing school properties as well as updating the Central Operations, and (ii) to pay costs of issuance of the Notes.

The Notes have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The presently outstanding ad valorem tax supported debt of the District has an underlying rating of "Aa2" by Moody's and "AA-" by S&P Global Ratings, a division of S&P Global Inc. (See "OTHER INFORMATION - Ratings" herein).

The Notes are offered for delivery when, as and if issued and received by the underwriter listed below (the "Underwriter") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond Counsel. See "TAX EXEMPTION" herein for a discussion of Bond Counsel's opinion. Certain matters will be passed upon for the Underwriter by The Bates Law Firm PLLC, Houston, Texas, counsel to the Underwriter. It is expected that the Notes will be delivered through the services of DTC, on or about June 25, 2025.

RAYMOND JAMES

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* Preliminary; subject to change

$14,070,000*
BRAZOSPORT COLLEGE DISTRICT
(A Political Subdivision of the State of Texas Located in Brazoria County)
MAINTENANCE TAX NOTES, SERIES 2025

CUSIP PREFIX: 10624N(2)

MATURITY SCHEDULE

Maturity (February 15)	Amount	Interest Rate	Initial Yield(1)	CUSIP (2) Suffix
2026	$ 295,000	%	%	
2027	425,000			
2028	445,000			
2029	470,000			
2030	500,000			
2031	525,000			
2032	555,000			
2033	590,000			
2034	620,000			
2035	655,000			
2036	695,000			
2037	730,000			
2038	775,000			
2039	815,000			
2040	865,000			
2041	915,000			
2042	965,000			
2043	1,020,000			
2044	1,075,000			
2045	1,135,000			

(Interest to accrue from date of initial delivery to the Underwriter)

The District reserves the right to redeem the Notes maturing on and after February 15, 2036 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035 or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See “THE NOTES – Redemption of the Notes – Optional Redemption” herein.). The Notes may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more of the maturities as a term note. See “THE NOTES – Redemption of the Notes - Mandatory Sinking Fund Redemption.”

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* Preliminary, subject to change.
(1) The initial yields are established by and are the sole responsibility of the Underwriter and may subsequently be changed.
(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Notes. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services. None of the District, the Financial Advisor (hereinafter defined) or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12") and in effect on the date of this Preliminary Official Statement, this document constitutes an official statement of the District with respect to the Notes that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page, schedule, and the Appendices hereto, and the information contained herein are subject to completion and amendment. Under no circumstances will this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

No dealer, broker, salesperson, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

The prices and other terms respecting the offering and sale of the Notes may be changed from time to time by the Underwriter after the Notes are released for sale, and the Notes may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Notes into investment accounts.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DISTRICT, THE FINANCIAL ADVISOR NOR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

The agreements of the District and others related to the Notes are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Notes is to be construed as constituting an agreement with the purchasers of the Notes. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, any such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

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The cover page hereof, this page, the appendices included herein, the financial statements and any addenda, supplement or amendment hereto, are part of this Official Statement.

DISTRICT ADMINISTRATION

ELECTED OFFICIALS

Board of Regents	Length of Service	Term Expires	Occupation
Robert Perryman Chairman	15 years	May 2030	Retired
Jason Cordoba Vice Chairman	10 years	May 2028	Attorney
Cheryl Sellers Member	2 years	May 2028	Non-profit Director
Jennifer Monical Member	6 years	May 2030	Nurse Practitioner
Roland K. Hendricks Member	11 years	May 2028	Pastor
Jay Gibson Member	6 years	May 2026	Retired
Nita Garza Member	Newly Appointed	May 2026	Technical Learning Leader
Ronald Barksdale Member	6 years	May 2026	Engineer
Daniel L. Yates Member	9 years	May 2026	Engineer

APPOINTED OFFICIALS

Name	Position	Years in Position
Dr. Vincent R. Solis	President	3
Ginger Wooster[(1)]	VP Financial Services & CFO	2

[(1)] CFO Wooster has served in additional positions at the District for 23 Years

CONSULTANTS AND ADVISORS

Bond Counsel..Orrick, Herrington & Sutcliffe LLP
Houston, Texas

Certified Public Accountants……………………………………………………………………Kennemer, Masters & Lunsford, LLC
Lake Jackson, Texas

Financial Advisor...Estrada Hinojosa
Houston and Dallas, Texas

For additional information regarding the District, please contact:

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VP Financial Services & CFO
Brazosport College District
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Lake Jackson, TX 77566
(979) 230-3210
(979) 230-3344 - Fax

Dave Gordon
Senior Managing Director
Estrada Hinojosa
600 N. Pearl St., Suite 2100
Dallas TX, 75201
(214) 658-1670
(214) 658-1671 – Fax

Andres Diamond-Ortiz
Managing Director
Estrada Hinojosa
801 Travis, Suite 1400
Houston, TX 77003
(713) 622-6693
(713) 622-6686 – Fax

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data on this page is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Notes to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this data page from this Official Statement or to otherwise use it without the entire Official Statement.

This data page was prepared to present the underwriter of the Notes listed on the cover page hereof (the "Underwriter") with information concerning the Notes, the tax revenues pledged to payment of the Notes, the description of the revenue base and other pertinent data, all as more fully described herein.

THE DISTRICT............... Brazosport College District (the "District") was created by a vote of the electorate of Brazoria County, Texas at an election held on November 27, 1948. The Board of Regents (the "Board"), a nine member group, has governing responsibilities over all activities related to public junior colleges within the jurisdiction of Brazosport College District. The District encompasses approximately 195 square miles, and has a current enrollment of 4,049 students.

THE NOTES .... The District's Maintenance Tax Notes, Series 2025 (the "Notes") are being issued in the principal amount of $14,070,000* pursuant to the Constitution and laws of the State of Texas, particularly Sections 45.108, 130.084, and 130.122 Texas Education Code, as amended, and an order to be adopted by the Board on May 19, 2025 (the "Order"). The Notes are payable as to principal and interest from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the District. Interest is payable semiannually on each February 15 and August 15, commencing on February 15, 2026.

SECURITY FOR PAYMENT .... The Notes are direct obligations of the District payable from and secured by a maintenance and operations tax levied, within the limitations prescribed by law, on all taxable property within the District. See "TAX INFORMATION – Tax Rate Limitation."

RATINGS................................. The Notes have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The presently outstanding tax supported debt of the District has an underlying rating of "Aa2" by Moody's and "AA-" by S&P Global Ratings, a division of S&P Global Inc. (see "OTHER INFORMATION – Ratings").

REDEMPTION .... The District reserves the right to redeem the Notes maturing on and after February 15, 2036 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035 or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE NOTES – Redemption of the Notes – Optional Redemption" herein.). The Notes may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more of the maturities as a term note. See "THE NOTES – Redemption of the Notes – Mandatory Sinking Fund Redemption."

USE OF PROCEEDS .... Proceeds from the sale of the Notes will be used (i) for the purpose of paying costs of remodeling and updating various buildings on campus including heating & cooling systems, piping, roofing, water, sanitation, flooring, electric, or other building systems of existing school properties as well as updating the Central Operations, and (ii) to pay costs of issuance of the Notes.

PAYMENT RECORD .... The District has never defaulted on the payment of its bonded indebtedness.

BOOK-ENTRY-ONLY SYSTEM . The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York, relating to the method of timing of payment and the method and transfer relating to the Notes. (See "THE NOTES -- Book-Entry-Only System" herein.)

FUTURE ISSUES .... The District does not anticipate issuing additional debt secured by the District's ad valorem taxes within the next twelve months.

DELIVERY .... When issued, anticipated on or about June 25, 2025.

LEGALITY............................... Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond Counsel.

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*Preliminary, subject to change.

Selected Financial Information

Fiscal Year Ended 8-31	Estimated District Population[1]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Ad Valorem Tax Debt	Per Capita Ad Valorem Tax Debt	Ratio of Ad Valorem Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	61,325	$ 10,156,064,614	$ 165,611	$ 45,820,000	$ 747	0.45%	99.97%
2022	61,750	10,094,391,857	163,472	43,340,000	702	0.43%	100.00%
2023	61,900	11,969,562,917	193,369	40,710,000	658	0.34%	103.40%
2024	62,500	12,644,795,973	202,317	37,945,000	607	0.30%	98.79%
2025	62,500	13,767,049,546	220,273	48,430,000 [2]	775	0.35%	80.13% [3]

[1] Estimated by District staff.
[2] Includes the Notes; preliminary, subject to change.
[3] As of March 31, 2025.

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PRELIMINARY OFFICIAL STATEMENT

Relating to

$14,070,000*
BRAZOSPORT COLLEGE DISTRICT
(A Political Subdivision of the State of Texas Located in Brazoria County)
MAINTENANCE TAX NOTES, SERIES 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Brazosport College District (the "District") of its Maintenance Tax Notes, Series 2025 (the "Notes").

There follows in this Official Statement descriptions of the Notes and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the District's Financial Advisor, Estrada Hinojosa, 600 N. Pearl St., Suite 2100, Dallas, Texas 75201, upon payment of reasonable copying, mailing and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

THE NOTES

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and laws of the State of Texas, particularly Sections 45.108, 130.084, and 130.122 Texas Education Code, as amended, and an order to be adopted by the Board of Regents of the District (the "Board") on May 19, 2025 (the "Order").

GENERAL DESCRIPTION OF THE NOTES . . . The Notes are dated May 15, 2025, but interest on the Notes will accrue from the date of delivery of the Notes to the underwriter listed on the cover page hereof (the "Underwriter"). Interest on the Notes shall be payable on February 15 and August 15 of each year, commencing February 15, 2026, until maturity or prior maturity. The Notes will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on the inside cover page of this Official Statement.

The Notes will be issued only in fully registered form in any integral multiple of $5,000 of principal for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased.** Principal of, premium, if any, and interest on the Notes will be payable by the paying agent/registrar, initially Amegy Bank, a division of ZB, National Association, Houston, Texas (the "Paying Agent/Regisrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See "THE NOTES - Book-Entry-Only System" herein.

If the date for the payment of the principal of or interest on the Notes is a Saturday, Sunday, a legal holiday or a day when banking institutions in the District where the paying agent/registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

In the event the Notes are no longer held in the Book-Entry-Only System, interest on the Notes will be payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (hereinafter defined) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner, and the principal of the Notes will be payable at maturity, upon their presentation and surrender to the Paying Agent/Registrar.

PURPOSE OF THE NOTES . . . Proceeds from the sale of the Notes will be used (i) for the purpose of paying costs of remodeling and updating various buildings on campus including heating & cooling systems, piping, roofing, water, sanitation, flooring, electric, or other building systems of existing school properties as well as updating the Central Operations, and (ii) to pay costs of issuance of the Notes.

SECURITY FOR NOTES . . . The Notes constitute direct obligations of the District, payable from available funds of the District, including but not limited to the ad valorem taxes levied by the District for maintenance purposes, within the limitations of the District's maintenance tax authority, as provided in the Order. (See "TAX INFORMATION" herein.)

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*Preliminary, subject to change.

REDEMPTION OF THE NOTES . . . <u>*Optional Redemption*</u>: The District reserves the right, at its option, to redeem Notes having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Notes of a maturity are to be redeemed, the Paying Agent/Registrar will determine by lot the particular Notes, or portions thereof, within such maturity to be redeemed. Notes of a denomination larger than $5,000 may be redeemed in part ($5,000 or any integral multiple thereof). Any Notes to be partially redeemed may be surrendered in exchange for one or more new Notes in authorized denominations of the same stated maturity and interest rate for the unredeemed portion of the principal of such Notes.

<u>*Mandatory Sinking Fund Redemption.*</u> In the event the Underwriter designates principal amounts of any two or more consecutive maturities of the Notes to be combined into one or more term obligations (the "Term Notes"), each such Term Note will be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Note and continuing on February 15 in each year thereafter until the stated maturity date of that Term Note.

<u>*Notice of Redemption:*</u> Not less than 30 days prior to a redemption date for the Notes, the District will cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of the Notes to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. The notice with respect to an optional redemption may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is so rescinded. Any notice of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the owner of the Notes. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Notes or portions thereof which are to be so redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

NOTICES THROUGH THE DEPOSITORY TRUST COMPANY . . . The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Notes, will send any notices with respect to the Notes only to DTC. Any failure by DTC to advise any DTC Participant (defined herein), or of any DTC Participant or Indirect Participant (as defined herein) to notify the Beneficial Owner, will not affect the validity of the action premised on any such notice.

DEFEASANCE…The Order provides that the District may discharge its obligations to the registered owners of any or all of the Notes to pay principal, interest and redemption price thereon in any manner now or hereafter permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Notes to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Notes or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Notes; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Notes.

Upon such deposit as described above, such bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Notes have been made as described above, all rights of the District to initiate proceedings to call the Notes for redemption or take any other action amending the terms of the Notes are extinguished; provided, however, that the right to call the Notes for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Notes for redemption; (ii) gives notice of the reservation of that right to the owners of the Notes immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Notes is to be transferred and how the principal of and interest on the Notes are to be paid to and credited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District, the Financial Advisor and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Notes are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement In reading this Official Statement it should be understood that while the Notes are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Amegy Bank, a division of ZB, National Association, Houston, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times while the Notes are outstanding and any successor Paying Agent/Registrar shall be a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Notes. Upon any change in the Paying Agent/Registrar for the Notes, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

AMENDMENTS . . . The District may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Notes affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Notes is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Notes are payable, (2) give any preference to any Note over any other Note, or (3) reduce the aggregate principal amount of Notes required for consent to any amendment, addition, or waiver.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Notes may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Notes may be assigned by the execution of an assignment form on the Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Note or Notes will be delivered by the Paying Agent/Registrar, in lieu of the Notes being transferred or exchanged, at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Notes issued in an exchange or transfer of Notes will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Notes to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Notes surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes.

LIMITATION ON TRANSFER OF THE NOTES . . . Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Note during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Notes appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

DEFAULT AND REMEDIES . . . The Order does not provide for the appointment of a trustee to represent the interests of the Note holders upon any failure of the District to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Notes and, under the law of the State of Texas (the "State"), there is no right to the acceleration of maturity of the Notes upon the failure of the District to observe any covenant under the Order. A registered owner of Notes could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Notes; however, such judgment could not be satisfied by execution against any property of the District and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Notes as it becomes due or perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Notes are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

The Texas Supreme Court ruled in *Tooke v. City of Mexia 197 S.W.3rd* (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the Notes or Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Notes.

The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Note holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Notes are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

SOURCES AND USES OF FUNDS . . . The proceeds of the Notes will be applied approximately as follows:

Sources:	
Par Amount	
Premium	
Total Sources of Funds:	$ -
Uses:	
Project Fund Deposit	
Cost of Issuance	
Underwriters' Discount	
Total Uses of Funds:	$ -

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors *are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

VALUATION OF TAXABLE PROPERTY...The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Brazoria County Appraisal District ("Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

On July 13, 2023, during the Second Special Session, the State Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million dollars (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value. The Appraisal Cap took effect on January 1, 2024.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – District and Taxpayer Remedies").

2025 Legislative Session... The regular session of the 89th Texas Legislature convened on January 14, 2025. During the legislative session, the Legislature will consider a general appropriations act and may consider legislation affecting ad valorem taxation procedures affecting junior college districts among other legislation affecting school districts and the administrative agencies that oversee school districts. At this time, the District cannot predict the level of State funding that will be provided by the Legislature for the upcoming biennium. The District can make no representation or prediction regarding any actions the Legislature may take during the 89th Texas Legislative Session or concerning the substance or the effect of any legislation that may be passed during this session or future session of the Legislature.

State Mandated Homestead Exemptions...State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions...The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled...The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property...Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions...Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY...Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER...The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

TAX INCREMENT REINVESTMENT ZONES...A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS...Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

DISTRICT AND TAXPAYER REMEDIES...Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal.
The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES...The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers.

Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "TAX INFORMATION – Temporary Exemption for Qualified Property Damaged by a Disaster" for a discussion of the applicability of this section of the Property Tax Code.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES...Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS...The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08, plus the debt service tax rate.

By the later of September 30th or 60 days after the date the certified appraisal roll is received by the District, the Board adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures and (2) a rate for debt service.

Under the Property Tax Code, the District must annually calculate and publicize its "No-New Tax Revenue Rate" and "Voter-Approval Tax Rate". The Board may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the voter-approval tax rate, the District must hold an election on the next uniform election date. If the proposition is passed, the tax rate is the adopted rate. If the proposition fails, the District may not adopt tax rate that exceeds the voter-approval tax rate.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

TAX RATE LIMITATION... Section 130.122 of the Texas Education Code limits a community college district's tax rate to $1.00 per $100 taxable assessed valuation (of which a maximum of $0.50 may be pledged for bond debt service).

DISCUSSION OF STATE APPROPRIATIONS AND IMPACT TO THE DISTRICT... Historically, the State has provided funding to support junior and community college districts, including the District, through a biennial appropriation of general revenues. Under current law, the amount of State funding that the District receives is generally determined by (i) State funding formulas that distribute appropriated general revenues to junior and community college districts in the State based on each district's contact hours and enrollment and (ii) the aggregate amount appropriated by the State legislature for funding all junior and community college districts in the State. In particular, for each State fiscal biennium, each junior and community college district's proportionate share of the appropriated general revenues is calculated using an outcomes-based model consisting of three funding components: (i) Core Operations; (ii) Success Points; and (iii) Contact Hours. Core Operations funding is a base amount given to each junior and community college district in the State to help cover basic operating costs, regardless of the districts size or geographic location. Success Points consist of a junior and community college district's student achievements based on eleven individual metrics, the three (3) year average of a junior and community college's Success Points are multiplied by a flat rate to determine Success Point funding for an individual district. A Contact Hour, is a time unit of measure that represents an hour of scheduled academic or technical class time 50 minutes of which must be instructional. Contact Hour funding is allocated to each junior and community college district based on each junior and community college district's proportionate share of total Contact Hours (adjusted for certain statutory exceptions) for the summer, fall, and spring semesters preceding a legislative session.

Amounts received by the District from State appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of a district.

DISTRICT APPLICATION OF TAX CODE...The District grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $75,000 and of disabled persons of $75,000.

The District has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.
See Table 1 for a listing of the amounts of the exemptions described above.

The District has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which is a local option and subject to local referendum.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax nonbusiness personal property and Brazoria County Appraisal District collects taxes for the District.

The District does permit split payments, and discounts are not allowed.

The District does not tax freeport property.

The District has not granted a goods-in-transit exemption for the 2024 tax year.

The District Regents updated and approved a tax abatement policy on October 10, 2021.

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TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

Tax Year 2024 Total Market Valuation Established by Brazoria County Appraisal District		$ 26,411,379,070
Less Exemptions/Reductions at 100% Market Value:		
Abatement	$ 8,189,722,030	
Disabled	32,450,599	
Disabled Veterans Exemptions	66,870,573	
Productivity Loss	125,851,327	
Homestead Cap	316,490,149	
Homestead	627,062,835	
Community Housing	104,475,875	
Over 65	363,551,212	
Pollution Control	1,859,300,570	
Others	13,447,302	
Exempt Property	945,107,052	$ 12,644,329,524
2024 Taxable Assessed Valuation		$ 13,767,049,546
District Funded Debt Payable From Ad Valorem Taxes (As of June 25, 2025)		
Limited Tax Refunding Bonds, Series 2016		8,990,000
Limited Tax Refunding Bonds, Series 2017		9,015,000
Limited Tax Refunding Bonds, Series 2020		8,220,000
Limited Tax Refunding Bonds, Series 2024		8,135,000
The Notes		14,070,000 [(1)]
Total Ad Valorem Tax Debt		$ 48,430,000
Ratio Funded Debt to Taxable Assessed Valuation		0.35%

2025 Estimated Population -		69,001 [(2)]
Per Capita Taxable Assessed Valuation -	$	199,520
Per Capita Funded Debt -	$	702

(1) Preliminary, subject to change.
(2) Estimated by District staff.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY [1]

	Taxable Appraised Value For Fiscal Year Ended August 31,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Single Family Residence	$ 5,062,216,490	19.17%	$ 4,780,170,142	17.92%	$ 4,223,434,934	16.36%
Multifamily Residence	391,144,867	1.48%	571,245,018	2.14%	435,924,050	1.69%
Vacant Lot	190,516,827	0.72%	187,387,765	0.70%	152,614,243	0.59%
Land	128,489,257	0.49%	120,151,870	0.45%	133,633,231	0.52%
Farm or Ranch Improvements	110,186,729	0.42%	72,031,741	0.27%	85,033,689	0.33%
Commercial Real Property	1,171,178,349	4.43%	1,070,362,338	4.01%	834,136,668	3.23%
Industrial Real Property	16,182,845,380	61.27%	16,539,427,440	61.99%	17,002,671,640	65.88%
Oil and Gas/Minerals	155,740	0.00%	179,180	0.00%	253,411	0.00%
Utilities	432,002,240	1.64%	412,009,880	1.54%	373,092,200	1.45%
Commercial/Industrial Personal Property	1,708,200,050	6.47%	1,811,963,400	6.79%	1,706,484,740	6.61%
Tangible Other Personal Mobile Homes	17,043,560	0.06%	22,382,630	0.08%	14,210,931	0.06%
Residential Inventory	28,229,114	0.11%	31,590,383	0.12%	17,485,628	0.07%
Special Inventory Tax	16,875,560	0.06%	16,768,050	0.06%	17,454,270	0.07%
Totally Exempt Property	972,294,907	3.68%	1,042,978,113	3.91%	812,305,498	3.15%
Total Market Value	$26,411,379,070	100.00%	$ 26,678,647,950	100.00%	$ 25,808,735,133	100.00%
Less: Total Exemptions/Reductions	12,644,329,524		14,033,851,977		13,839,172,213	
Taxable Assessed Valuation	$13,767,049,546		$ 12,644,795,973		$ 11,969,562,917	

	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Single Family Residence	$ 3,427,163,417	14.26%	$ 3,236,309,621	13.37%
Multifamily Residence	373,801,193	1.56%	365,606,750	1.51%
Vacant Lot	103,582,741	0.43%	97,833,918	0.40%
Land	97,252,432	0.40%	88,883,494	0.37%
Farm or Ranch Improvements	67,941,708	0.28%	59,559,118	0.25%
Commercial Real Property	688,692,947	2.87%	708,112,114	2.93%
Industrial Real Property	16,573,956,700	68.97%	16,708,658,190	69.04%
Oil and Gas/Minerals	806,971	0.00%	226,962	0.00%
Utilities	345,973,730	1.44%	308,039,470	1.27%
Commercial/Industrial Personal Property	1,551,186,960	6.45%	1,624,391,980	6.71%
Tangible Other Personal Mobile Homes	11,374,970	0.05%	10,478,360	0.04%
Residential Inventory	20,835,978	0.09%	25,528,380	0.11%
Special Inventory Tax	15,819,990	0.07%	16,810,370	0.07%
Exempt Property	753,830,233	3.14%	952,076,626	3.93%
Total Market Value	$24,032,219,970	100.00%	$ 24,202,515,353	100.00%
Less: Exemptions & Adjustments	13,937,828,113		14,046,450,739	
Taxable Assessed Valuation	$10,094,391,857		$ 10,156,064,614	

[1] Source: Brazoria County Appraisal District.

NOTE: Valuations shown are certified taxable assessed values reported by the Brazoria County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND FUNDED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population[1]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Ad Valorem Tax Debt Outstanding	Ratio of Ad Valorem Debt to Taxable Assessed Valuation	Per Capita Ad Valorem Tax Debt
2016	60,468	$ 7,438,643,654	$ 123,017	$ 58,270,000	0.78%	$ 964
2017	60,766	8,023,076,129	132,032	55,995,000	0.70%	921
2018	61,067	8,553,054,039	140,060	53,760,000	0.63%	880
2019	61,369	9,215,325,610	150,163	51,490,000	0.56%	839
2020	61,125	9,524,480,738	155,820	48,220,000	0.51%	789
2021	61,325	10,156,064,614	165,611	45,820,000	0.45%	747
2022	61,750	10,094,391,857	163,472	43,340,000	0.43%	702
2023	61,900	11,969,562,917	193,369	40,710,000	0.34%	658
2024	62,500	12,644,795,973	202,317	37,945,000	0.30%	607
2025	69,001	13,767,049,546	199,520	48,430,000 [2]	0.35%	702

[1] Estimated by District staff.
[2] Includes the Notes. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ending 8/31	Tax Rate	Distribution: Current Operations	Distribution: Debt Service	Tax Levy [1]	% Current Collections	% Total Collections
2016	$ 0.277500	$ 0.213900	$ 0.063600	$ 19,928,999	100.00%	103.19%
2017	0.285100	0.228900	0.056200	22,795,499	99.38%	100.33%
2018	0.303249	0.250934	0.052315	25,887,645	99.36%	100.15%
2019	0.298500	0.250704	0.047796	26,132,360	99.41%	100.62%
2020	0.300177	0.253401	0.046776	28,483,520	99.92%	100.31%
2021	0.297866	0.260253	0.037613	31,060,051	99.64%	100.17%
2022	0.309400	0.268600	0.040800	31,226,412	99.40%	103.01%
2023	0.285895	0.250330	0.035565	34,380,859	99.25%	99.25%
2024	0.264831	0.232206	0.032625	34,716,255	98.79%	98.79%
2025	0.268793	0.238684	0.030109	33,498,959	80.13% [2]	80.13% [2]

[1] Property within the District is assessed as of January 1 of each year (except for business inventory which may, at the option of the taxpayer, be assessed as of September 1); taxes become due January 1 of the following year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee is added to the total tax penalty and interest charge.

[2] Collections as of March 31, 2025.

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TABLE 5 - TEN LARGEST TAXPAYERS

Name	Type of Property	2024 Net Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Dow Chemical Company	Chemical	$ 4,288,621,742	31.15%
Blue Cube Operations LLC	Chemical	610,315,360	4.43%
Olin Chorine #7 LLC	Chemical	555,216,390	4.03%
BASF Corporation Chemicals Division	Chemical	336,380,758	2.44%
Yara Freeport LLC	Energy	261,184,910	1.90%
Shintech, Inc.	Chemical	170,692,070	1.24%
B G Woodward LLC	Chemical	114,548,640	0.83%
Centerpoint Energy, Inc.	Energy	108,585,730	0.79%
Vopak Industries	Energy	90,274,030	0.66%
Air Liquide America Co.	Chemical	84,135,834	0.61%
Total		$ 6,619,955,464	48.09% (1)

______
Source: Brazoria County Appraisal District.
(1)As shown above, the top ten taxpayers in the District currently account for more than 48% of the District's tax base. Adverse developments in economic conditions, particularly in the petrochemical industry, could adversely impact the businesses in the District and the tax values in the District, resulting in less local tax revenue. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Notes will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process. See "THE NOTES – Default and Remedies" and "TAX INFORMATION – Levy and Collection of Taxes" herein.

TAX RATE LIMITATION

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. The maximum combined tax rate for the District's debt service and maintenance and operations is $1.00 per $100 of assessed valuation (Section 130.122, Texas Education Code). Although the $1.00 tax may be used for both debt service and maintenance and operations purposes, the annual bond tax may never exceed $0.50 cents on the $100 valuation of the taxable property in the District. The Notes are payable by the maintenance and operations tax.

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TABLE 6 – PRO FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Bonds Principal	Outstanding Bonds Interest	Outstanding Bonds Total	The Notes [1] Principal	The Notes [1] Interest	The Notes [1] Total	Total Debt Service Requirement	% Principal Retired
2025	$ 3,000,000	$ 1,324,819	$ 4,324,819	$ -	$ -	$ -	$ 4,324,819	
2026	3,015,000	1,314,881	4,329,881	295,000	873,217	1,168,217	5,498,098	
2027	3,150,000	1,178,906	4,328,906	425,000	745,938	1,170,938	5,499,844	
2028	3,180,000	1,049,781	4,229,781	445,000	722,013	1,167,013	5,396,794	
2029	3,355,000	918,306	4,273,306	470,000	696,850	1,166,850	5,440,156	33.71%
2030	3,490,000	781,206	4,271,206	500,000	670,175	1,170,175	5,441,381	
2031	3,595,000	636,681	4,231,681	525,000	641,988	1,166,988	5,398,669	
2032	3,750,000	479,131	4,229,131	555,000	612,288	1,167,288	5,396,419	
2033	3,905,000	318,131	4,223,131	590,000	580,800	1,170,800	5,393,931	
2034	2,230,000	199,531	2,429,531	620,000	547,525	1,167,525	3,597,056	72.13%
2035	2,300,000	122,106	2,422,106	655,000	512,463	1,167,463	3,589,569	
2036	2,390,000	41,378	2,431,378	695,000	475,338	1,170,338	3,601,716	
2037	-	-	-	730,000	436,150	1,166,150	1,166,150	
2038	-	-	-	775,000	394,763	1,169,763	1,169,763	
2039	-	-	-	815,000	351,038	1,166,038	1,166,038	88.38%
2040	-	-	-	865,000	304,838	1,169,838	1,169,838	
2041	-	-	-	915,000	255,888	1,170,888	1,170,888	
2042	-	-	-	965,000	204,188	1,169,188	1,169,188	
2043	-	-	-	1,020,000	149,600	1,169,600	1,169,600	
2044	-	-	-	1,075,000	91,988	1,166,988	1,166,988	97.79%
2045	-	-	-	1,135,000	31,213	1,166,213	1,166,213	100.00%
	$ 37,360,000	$ 8,364,859	$ 45,724,859	$ 14,070,000	$ 9,298,254	$ 23,368,254	$ 69,093,113	

[1] Preliminary, subject to change. Interest calculated at an assumed rate for purposes of illustration.

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TABLE 7 – OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas (www.mactexas.com). Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date of such reports, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt
Alvin, City of	$ 30,750,000	0.06%	$ 18,450
Brazoria County	116,970,000	31.96%	37,383,612
Brazosport ISD	282,535,000	100.00%	282,535,000
Clute, City of	9,865,000	99.35%	9,800,878
Port Freeport	122,855,000	57.36%	70,469,628
Freeport, City of	10,560,000	100.00%	10,560,000
Lake Jackson, City of	42,010,000	98.85%	41,526,885
Surfside Beach Village	1,111,000	100.00%	1,111,000
Richwood, City of	8,200,000	98.38%	8,067,160
Velasco Drainage District	3,995,000	98.47%	3,933,877
Estimated Overlapping Debt			$ 465,406,489
The District		100.00%	48,430,000 (1)
Total Direct and Overlapping G.O. Tax Debt			$ 513,836,489
Ratio of Direct Overlapping G. O. Tax Debt to Taxable Assessed Valuation			3.73%
Per Capita Overlapping Funded Debt			$ 7,446.80

(1) Includes the Notes. Preliminary, subject to change.

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TABLE 8 - OTHER OBLIGATIONS

On April 22, 2016, the College entered into a capital lease for the purpose of constructing energy conservation measures such as lighting retrofits / upgrades; controls upgrades; central plant upgrades, L-Wing piping & Dow heat recovery; AHU replacement; solar window film; and power factor correction at various campus locations. This capital lease was for $ 9,738,652 with an interest rate of 2.485% and calls for semi-annual payments that range from $ 166,617.50 to $ 539,685.00 beginning on April 22, 2017 and ending on October 22, 2031.

For the Year Ended August 31,		
2025	$	1,079,370
2026		1,079,370
2027		1,079,370
2028		1,079,370
2029-2032		3,777,795
Totals	$	8,095,275
Less; Amount representing Interest		993,965
Total Outstanding	$	7,101,310

PENSION FUND

The Teacher Retirement System of Texas (TRS), a Public Employee Retirement System (PERS) is a multiple-employer defined benefit pension. It is a cost sharing PERS with one exception: all risks and costs are not shared by the employer but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. For members of the retirement system entitled to the minimum salary for certain school personnel under Section 16.056, Texas Education Code, as amended, the employing district shall pay the State's contribution on the portion of the member's salary that exceeds the statutory minimum. The percentages of participant salaries currently contributed by the State and by each participant are 6.58% and 6.4% respectively, of annual contribution.

The State has also established an optional retirement plan for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in TRS. This program provides for the purchase of annuity contracts. Each participant contributes 6.65% of salary to the plan and State contributes 6.58% of all participants' compensation. The District has provided an Optional Retirement Plan supplement from the State to fund an additional .73% of compensation for employees who were on the payroll on August 31, 1995 and September 1, 1995.

In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to provide accounting for pensions by state and local governments to improve transparency and financial reporting. GASB Statement No. 68 requires reporting entities, such as the District, to recognize their proportionate share of the net pension liability in the TRS pension plan and a deferred outflow for the contributions made by the District subsequent to the measurement date in the Statement of Net Position, a government-wide financial statement. The changes related to pensions in the Statement of Net Position are reflected in the Statement of Activities, a government-wide financial statement for the fiscal year ending August 31, 2015 and are reflected as a "Cumulative Effect of Change in Accounting Principal" in "Table 9 – Statement of Revenues, Expenses and Changes in Net Position" for fiscal year ended August 31, 2015 herein. See Appendix B "Excerpts from the District's Annual Financial Report" – Note 3. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits (OPEB), TRS-Care related liabilities or District funding requirements to TRS. To date, the District has met all funding requirements of the TRS pension plan.

The District belongs to the Texas Public Junior and Community Colleges Employee Benefit Consortium. The Consortium has negotiated a 403(b) tax sheltered annuity plan for part time employees. The District contributes 1.5% of participating employee compensation to the plan while the employees contribute 6% of their gross earnings.

ISSUANCE OF ADDITIONAL DEBT

The District has no authorized but unissued limited tax bonds.

FINANCIAL INFORMATION

TABLE 9 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended August 31,				
	2024	2023	2022	2021	2020
Revenues:					
Tuition and Fees	$ 8,080,993	$ 8,328,605	$ 8,423,160	$ 7,425,664	$ 7,238,949
Federal Grants and Contracts	2,431,586	3,539,886	8,728,230	3,353,457	1,902,864
State Grants and Contracts	1,302,519	1,432,961	1,110,073	519,945	310,635
Local Grants	674,761	722,490	448,868	261,499	759,689
Non Governmental Grants and Contracts	73,093	-	32,500	89,756	82,370
Sales and Services of Educational Activities	223,402	161,525	206,606	30,867	220,310
Auxiliary Enterprises	42,675	27,111	39,905	41,001	62,676
Other Operating Revenues	829,290	815,501	1,443,533	459,731	553,830
Total Operating Revenues	$ 13,658,319	$ 15,028,079	$ 20,432,875	$ 12,181,920	$ 11,131,323
Expenses:					
Instruction	$ 22,634,499	$ 22,663,334	$ 18,741,591	$ 18,271,814	$ 18,696,938
Public Service	224,265	245,825	271,875	238,816	255,666
Academic Support	4,678,357	4,450,066	3,716,165	2,841,124	2,769,575
Student Services	5,085,960	4,454,772	4,219,987	3,754,443	4,235,618
Institutional Support	12,194,859	9,576,055	8,149,457	8,655,612	9,016,232
Operation and Maintenance of Plant	6,891,154	5,787,089	4,916,464	3,984,858	3,690,475
Scholarships and Fellowships	3,803,727	2,806,541	7,665,617	4,523,290	3,040,643
Auxiliary Enterprises	978,059	669,370	639,855	488,850	583,715
Depreciation	5,656,995	5,179,854	4,966,635	4,822,903	4,606,527
Total Operating Expenses	$ 62,147,875	$ 55,832,906	$ 53,287,646	$ 47,581,710	$ 46,895,389
Operating Income (Loss)	$ (48,489,556)	$ (40,804,827)	$ (32,854,771)	$ (35,399,790)	$ (35,764,066)
Non-Operating Revenue (Expenses):					
State Appropriations [(1)]	$ 9,823,133	$ 7,952,662	$ 7,869,361	$ 8,200,960	$ 8,210,084
Title IV federal programs	3,935,937	3,953,428	3,223,069	2,960,821	2,914,396
Taxes of Maintenance and Operations	30,567,625	30,275,216	28,265,932	27,280,658	24,125,631
Taxes for Debt Service	4,266,431	4,288,396	4,285,309	3,947,171	4,449,120
Investment Income (Loss)					
Net of Investment Expenses	2,073,152	1,042,047	(956,815)	1,030,633	658,960
Interest on Capital Related Debt	(1,428,817)	(1,566,943)	(2,216,702)	(1,716,697)	(2,210,249)
Other Non-Operating revenues	-	-	-	-	-
Net Operating Revenues	$ 49,237,461	$ 45,944,806	$ 40,470,154	$ 41,703,546	$ 38,147,942
Income Before Other Revenues, Gains, (Losses)	$ 747,905	$ 5,139,979	$ 7,615,383	$ 6,303,756	$ 2,383,876
Other Revenues, Gains, (Losses):					
Additions to Permanent and Term Endowments	-	(15,476)	1,500	2,775	1,500
Total Other Revenues, Gains, (Losses)	-	(15,476)	1,500	2,775	1,500
Increase (Decrease) in Net Assets	$ 747,905	$ 5,124,503	$ 7,616,883	$ 6,306,531	$ 2,385,376
Net Assets - Beginning of Year	49,055,660	49,134,614	41,674,133	35,367,602	32,982,226
Cumulative effect of change in accounting principle					
Prior Period Adjustment	-	(5,203,457) [(2)]	(156,402) [(1)]	-	-
Net Assets - End of Year	$ 49,803,565	$ 49,055,660	$ 49,134,614	$ 41,674,133	$ 35,367,602

Source: The District's audited financial statements.

(1) Texas Higher Education Coordinating Board request state appropriations be shown as operating revenues whereas GASB designates it as non-operating revenues.

(2) Restated in District's Annual Financial Report FYE 2024.

Financial Administration

The District adheres to financial policies as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. Objectives of financial management include: exercise a discipline which will allow the District to retain a good financial position; strive to retain the best possible bond rating; give recognition to the community's needs and ability to pay; and provide future generations with the ability to borrow capital without severe financial burden. These objectives are accomplished by prudent budgeting and effective budget control, budgeted replacement of capital equipment as the need arises, providing working capital in all funds sufficient to meet current operating needs, financial accounting and reporting in accordance with methods prescribed by the Governmental Accounting Standards Board and the Government Finance Officers Association and making such reports available to bond rating agencies and other financially interested organizations, and trying to achieve and maintain a fund balance that is at least equivalent to 10% of the general operating budget. This should be sufficient to provide financing for necessary projects and to meet unanticipated needs.

Financial Policies

Basis of Accounting . . . The financial statements of the District have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Typically, the practice of the District is to cancel all encumbrances outstanding at year-end.

Educational Activities and Auxiliary Enterprises Unrestricted Net Assets . . . The District's policy is to achieve and maintain an unrestricted net asset equivalent to at least three months operating cost of the general operating budget. This should be sufficient to provide financing for necessary projects and meet unanticipated contingencies or fiscal emergencies.

Use of Bond Proceeds, Grants, etc. . . . Bond proceeds are utilized to fund capital improvement projects. Grant proceeds are generally utilized for restricted instructional, and student aid unless otherwise specifically required under the terms of grant.

Investments

Available District funds are invested as authorized by Texas law and in accordance with investment policies approved by the Board. Both state law and the District's investment policies are subject to change.

Authorized Investments . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits or, (ii) where (a) the funds are invested by the District through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (iii) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the District appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit issued for the account of the District; (8) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Additional Provisions . . . Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District; (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy; (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

TABLE 10 - CURRENT INVESTMENTS

A summary of the District's investments as of August 31, 2024 is presented in the following table:

		Unrestricted		Restricted		Total
Cash and Cash Equivalents:						
Cash (Cashier and petty cash accounts)	$	5,632	$	-	$	5,632
Financial Institution Deposits: Demand Deposits		921,699		107,424		1,029,123
Pooled Deposits (Tex Pool,		3,189,329		1,668,829		4,858,158
Total cash and cash equivalents	$	4,116,660	$	1,776,253	$	5,892,913
Investments:						
Investments held by Broker-Dealers						
Certificates of Deposit	$	1,076,510	$	99,000	$	1,175,510
US Treasuries		2,962,080		-		2,962,080
US Agencies		5,996,460		-		5,996,460
Mutual Funds		-		4,292,303		4,292,303
Equities		-		2,861,536		2,861,536
Real Estate Investment		-		172,654		172,654
Cash		2,072		24,355		26,427
Total Investments	$	10,037,122	$	7,449,848	$	17,486,970
Total	$	14,153,782	$	9,226,101	$	23,379,883

TAX EXEMPTION

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriter, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Beneficial Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of Beneficial Owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Notes may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the

Beneficial Owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The District is required to observe the agreement while it remains obligated to advance funds to pay the Notes. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and the timely notice of specified material events to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in Tables 1 through 6 and 8 through 10 and in Appendix B. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time, and will provide audited financial statements when and if an audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by the last day of February in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

CERTAIN EVENT NOTICES

The District will also provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in clause (12) of in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term "financial obligation" shall mean, for purposes of the events in clauses (15) and (16) a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The District intends the words used in clauses (15) and (16) and the definition of financial obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

LIMITATIONS AND AMENDMENTS

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Notes at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Notes may seek a writ of mandamus to compel the District to comply with its agreement. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the District's duties under federal or state securities laws.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if, but only if, (1) the agreement, as so amended, would have permitted underwriter to purchase or sell Notes in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Notes consent or (b) any qualified person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Notes. If the District amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under "Annual Reports," an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

EXPOSURE TO OIL AND GAS INDUSTRY

In the past, the greater Houston area has been affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the District, resulting in a reduction in property tax revenue. The Notes are secured by a limited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Notes.

CYBERSECURITY

The District, like other junior college districts in the State, utilizes technology in conducting its operations. As a user of technology, the District potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the District may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the District. The District employs a multi-layered approach to combating cybersecurity threats. While the District deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the District's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the District to litigation and other legal risks, which could cause the District to incur other costs related to such legal claims or proceedings.

OTHER INFORMATION

RATINGS

The Notes have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The presently outstanding ad valorem tax supported debt of the District has an underlying rating of "Aa2" by Moody's and "AA-" by S&P Global Ratings, a division of S&P Global Inc. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of any or all of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Notes.

LITIGATION

The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the District's financial position or the District's ability to issue and deliver the Notes. At the time of the initial delivery of the Notes, the District will provide the Underwriter with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Notes or that affects the payment and security of the Notes or in any other manner questioning the issuance, sale or delivery of the Notes.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE

The sale of the Notes has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a); and the Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Notes are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Notes must be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. No review by the Issuer has been made of the laws in other states to determine whether the Notes are legal investments for various institutions in those states. See "OTHER INFORMATION - Ratings" herein.

LEGAL OPINIONS

The delivery of the Notes is subject to the approval of the Attorney General of Texas to the effect that the Notes are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the District and the approving legal opinions of Bond Counsel, in substantially the forms attached hereto as Appendix C.

The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes.

Bond Counsel was engaged by, and only represents, the District. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions or subcaptions, "THE NOTES" (except under the subcaptions "Redemption Through the Depository Trust Company," "Book-Entry-Only System," "Defaults and Remedies", and "Sources and Uses of Funds"), "TAX INFORMATION – Tax Rate Limitation", "TAX EXEMPTION," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Undertakings"), "OTHER INFORMATION – Registration and Qualification of Notes For Sale," "OTHER INFORMATION – Legal Investments and Eligibility To Secure Public Funds in Texas," and "OTHER INFORMATION – Legal Opinions" (first three paragraphs) and such firm is of the opinion that the information relating to the Notes and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Notes, such information conforms to the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes. The legal opinion of Bond Counsel will accompany the Notes deposited with DTC or will be printed on the definitive Notes in the event of the discontinuance of the Book-Entry-Only System.

Certain legal matters will be passed upon for the Underwriter by The Bates Law Firm PLLC, Houston, Texas, Underwriter's Counsel, whose legal fees for such services are contingent upon the sale and delivery of the Notes.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions, orders or ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions, orders or ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the District at an underwriting discount of $____________ from the initial public offering prices for the Notes, and no accrued interest. The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Notes if any Notes are purchased. The Notes may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Notes into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

Estrada Hinojosa is contracted as Financial Advisor to the City in connection with the issuance of the Notes. The fee for services rendered by the Financial Advisor with respect to the sale of the Notes is contingent upon the issuance and delivery of such Notes. Estrada Hinojosa has relied on the opinions of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Effective August 2, 2024, Texas State Bankshares, Inc., the registered bank holding company for Texas Regional Bank (collectively, "TRB"), completed its acquisition of Dallas-based investment banking group Estrada Hinojosa & Company, Inc. ("Estrada Hinojosa"). Estrada Hinojosa operates under TRB Capital Markets, LLC, a wholly-owned subsidiary of TRB, using the assumed name of "Estrada Hinojosa."

FORWARD - LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources which are considered to be reliable. There is no guarantee that any of assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects. The Order authorizing the issuance of the Notes will also approve the form and content of this Official Statement and any addenda, supplement, or amendment thereto and authorize its further use in the re-offering of the Notes by the Underwriter. This Official Statement has been approved by the Board of Regents of the District for distribution in accordance with the provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

President
Brazosport College District

ATTEST:

Vice Chairman, Board of Regents
Brazosport College District

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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The District

Brazosport College is an open door, equal access higher education institution striving to provide the best courses, programs, and activities that can be organized and presented to meet the identified needs of adult learners from varied backgrounds. Since its establishment in 1968, the college has played a role in the personal successes of more than 100,000 students. Brazosport College has become a key provider of a highly-trained work force for local industry employers in Brazoria County.

Brazosport College offers a broad range of courses and classes to address diverse educational goals. Students planning to pursue a bachelor's degree can enroll in introductory academic classes, as well as courses in sixteen majors which transfer to four-year schools.

For students seeking a certificate or degree in an occupational/technical field, Brazosport College offers courses leading to a Bachelor of Applied Technology in Industrial Management in four areas and an Associate of Applied Science degree in nineteen areas. Additionally, Brazosport College's community education program is designed to address the diverse needs of people of all ages within the communities served by the college. From Saturday Morning Enrichment classes designed for K-fifth graders, and summertime Kids' College and Teen College, to the Adult Life and Learning Program for our senior neighbors, Brazosport College has a variety opportunities for learning.

Brazosport College students use equipment similar to that used in business and industry; class size allows a 1:1 student to computer ratio in the campus computer labs. The college's chemical processing lab facility affords hands-on training in plant operations. Telecourse and computer transmission of classes also allows offering of popular courses such as history, government, psychology and sociology via local public television channels; and English, history and chemistry via the Internet. Brazosport College also has a network to broadcast telecourses from the campus to area high schools, and to the community. Participation in the Virtual College of Texas permits Brazosport College to serve as a clearinghouse for Internet and telecourses offered at other sites.

Area Universities

There are four major universities located in the area to which many of Brazosport College graduates transfer to complete their undergraduate studies: University of Houston at Clear Lake, University of Houston, Texas State University at San Marcos and Sam Houston State University in Huntsville, Texas.

Enrollment History

Number of Students (Credit & Non-Credit)

Fiscal Year	Fall	Spring	Summer	Total
2016-2017	5,103	4,611	3,760	13,474
2017-2018	4,733	4,610	3,543	12,886
2018-2019	4,955	4,475	3,551	12,981
2019-2020	4,915	4,377	2,130	11,422
2020-2021	4,214	3,867	2,343	10,424
2021-2022	4,497	4,201	3,231	11,929
2022-2023	4,725	4,166	3,077	11,968
2023-2024	4,852	4,480	3,058	12,390
2024-2025	4,467	3,753	2,813	11,033

Enrollment (FTE) and Semester Credit Hours

Fiscal Year	Fall	Spring	Summer I & II	Total	Total Semester
2016-2017	2,551	2,342	1,083	5,976	71,713
2017-2018	2,580	2,398	1,052	6,030	72,368
2018-2019	2,536	2,313	1,033	5,882	70,582
2019-2020	2,480	2,187	833	5,500	65,997
2020-2021	2,214	1,999	866	5,079	60,944
2021-2022	2,335	2,127	899	5,361	64,330
2022-2023	2,546	2,218	909	5,673	68,076
2023-2024	2,592	2,314	870	5,776	69,314
2024-2025	2,385	2,129	800	5,314	67,957

INDUSTRY

Lake Jackson is a city in Brazoria County, Texas within the Houston–Sugar Land–Baytown Metropolitan Area. As of a 2020 U.S. Census Bureau estimate, the city population was 28,177. The city was built in the early 1940s as a planned community in support of a new plant of the Dow Chemical Company. The City of Lake Jackson was incorporated March 14, 1944, and became a home rule municipality ten years later in 1954.

BRAZORIA COUNTY

Brazoria County is a Gulf Coast county comprising most of the Brazoria Metropolitan Statistical Area. The County was created in 1836. The economy is based on petroleum, chemicals, fishing, tourism and agriculture. The Texas Almanac designates rice, sorghum, and livestock as principal sources of agricultural income. The County seat is the City of Angleton.

Minerals produced in the County include oil, gas, and limestone. The world's largest basic chemical complex is located in the County, contributing to the extensive petroleum and chemical production in the area. The Gulf Intracoastal Waterway transects the southern portion of Brazoria County. Freeport is the 14th largest port in the nation in terms of foreign tonnage.

UNEMPLOYMENT PERCENTAGE STATISTICS

	Brazoria County			Texas		
	January 2025	January 2024	January 2023	January 2025	January 2024	January 2023
Civilian Labor Force	200,498	195,559	190,700	15,745,182	15,353,061	14,976,369
Total Employment	191,631	186,681	181,478	15,097,222	14,720,900	14,336,257
Total Unemployment	8,867	8,878	9,222	647,960	632,161	640,112
Percentage Unemployment	4.42%	4.54%	4.84%	4.12%	4.12%	4.27%

[(1)] Employment data from Texas Labor Market Information.

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APPENDIX B

BRAZOSPORT COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2024

The information contained in this Appendix consists of excerpts from the Brazosport College District Annual Financial Report for the Year Ended August 31, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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KM&L
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Regents
Brazosport College District
Lake Jackson, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements and the discretely presented component unit of the Brazosport College District (the "College"), as of and for the year August 31, 2024, and the related notes to the financial statements, which collectively comprise the College'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 College and the discretely presented component unit of the College, as of August 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College'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.

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8 W Way Ct.
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979-297-4075

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

Bay City
2245 Avenue G
Bay City, TX 77414
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AICPA GAQC Member

www.kmandl.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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 College'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, required pension schedules and required OPEB schedules on pages 15 through 27 and pages 96 through 103 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. Supplemental schedules A through D, as required by the *Texas Higher Education Coordinating Board's* (the "THECB") *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards as required by Texas Grant Management Standards (the "TxGMS") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules A through D, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
December 4, 2024

This section of Brazosport College District's annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal years ended August 31, 2024, 2023 and 2022. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. The financial statements, footnotes, and this discussion are the responsibility of management.

Financial reporting format has been presented in a manner required by the Governmental Accounting Standards Board's Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

Using This Annual Report

This report consists of three basic financial statements for the Brazosport College District (the "College") and three basic financial statements for the Brazosport College Foundation (the "Foundation"). The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows provide information on the College as a whole and present a long-term view of the College's finances. The Statement of Financial Position; the Statement of Activities; and the Statement of Cash Flows provide information on the Foundation as a whole.

The Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources - net position - is an indicator of the current financial condition of the College. Assets and liabilities are generally measured using current values. Net capital assets, which represent 73.88% of total assets and deferred outflow of resources, are stated at historical cost less an allowance for depreciation.

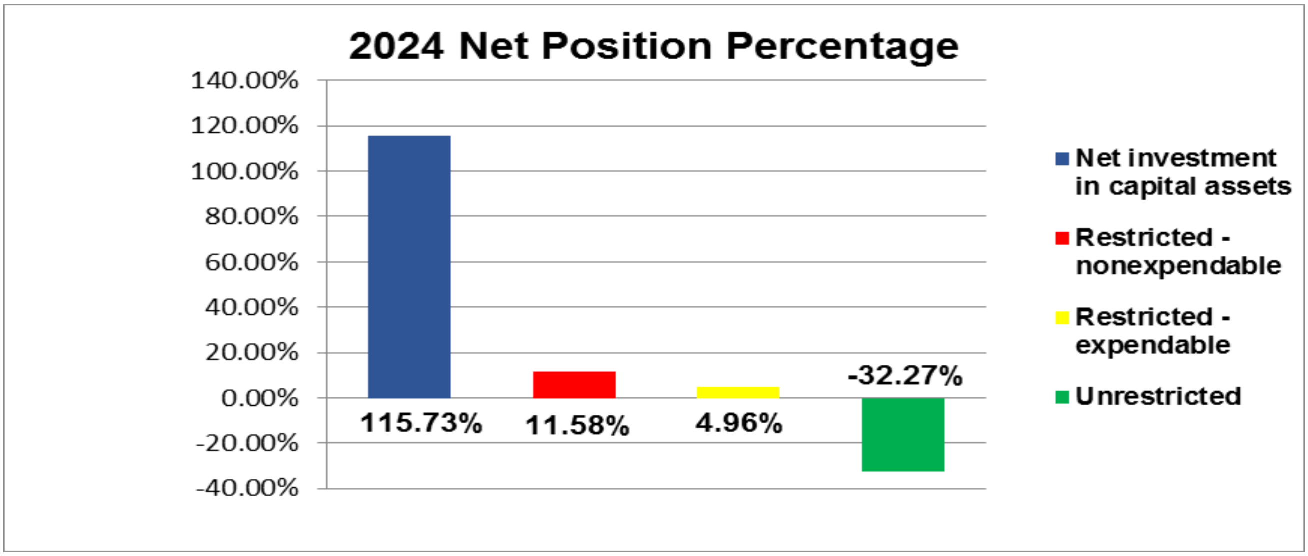
Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant and equipment owned less any related outstanding debt used to acquire those assets. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the College, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. The unrestricted net position is available for use by the College for any legal purpose.

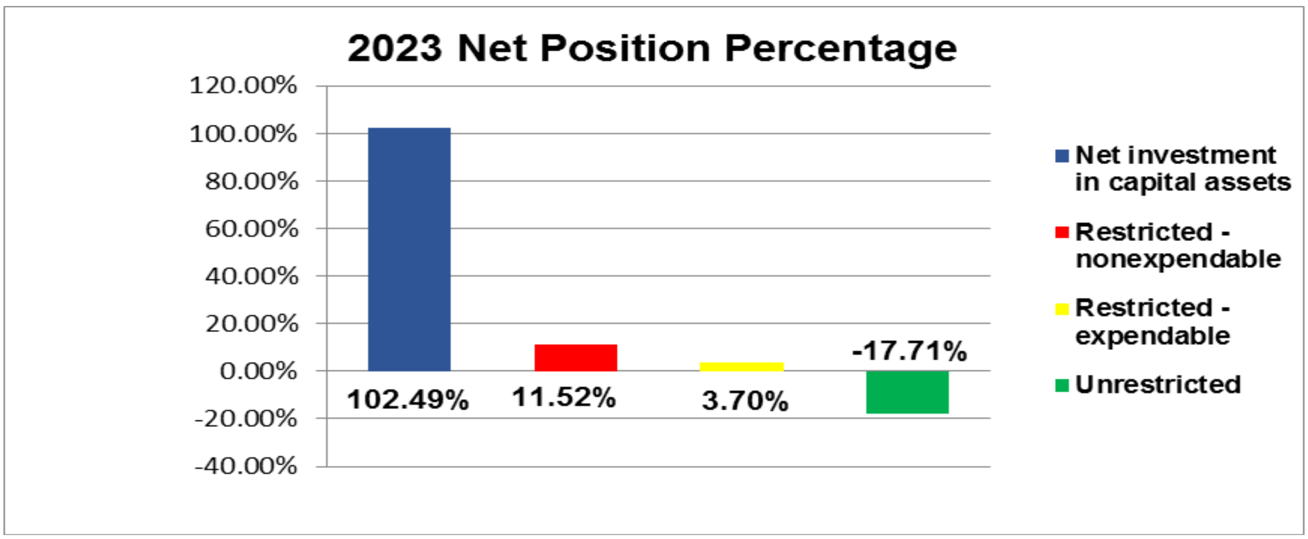
Statements of Net Position
(in thousands of dollars)

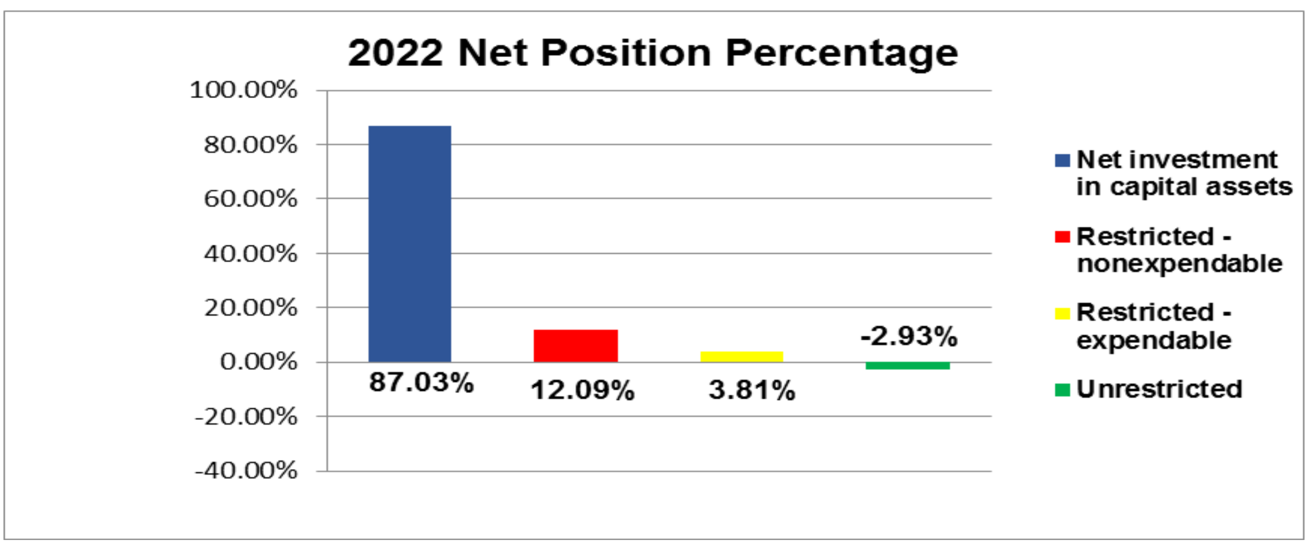
	2024	Restated 2023	Restated 2022
Assets:			
Current assets	$ 9,391	$ 10,560	$ 9,020
Capital assets, net	107,204	103,854	102,456
Other assets	20,103	19,470	22,122
Total assets	136,698	133,884	133,598
Total deferred outflows of resources	8,402	10,781	9,460
Liabilities:			
Current liabilities	11,911	8,399	9,549
Noncurrent liabilities	75,806	79,277	80,591
Total liabilities	87,717	87,676	90,140
Total deferred inflows of resources	7,272	7,933	7,605
Net Position:			
Net investment in capital assets	57,995	50,279	39,437
Restricted - nonexpendable	5,803	5,652	5,480
Restricted - expendable	2,485	1,815	1,725
Unrestricted	(16,172)	(8,690)	(1,329)
Total net position	$ 50,111	$ 49,056	$ 45,313

Assets consist primarily of cash and cash equivalents, investments, accounts, notes and grants receivable, and capital assets. Liabilities include accounts payable and accrued liabilities, long-term bonded debt, compensated absences, and deferred revenue. The College records asset acquisitions that have a unit value of $ 5,000 or more as capital assets that are depreciated over time related to the useful life of the assets. Furnishings, fixtures, and other equipment having unit values less than $ 5,000 are recorded as expenses during the period acquired.

The following charts reflect the percentage of net position at August 31, 2024, 2023 and 2022:







The Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the College and the non-operating revenues and expenses.

Statements of Revenues, Expenses and Changes in Net Position (in thousands of dollars)

	2024	Restated 2023	Restated 2022
Operating Revenues:			
Net tuition and fees	$ 8,081	$ 8,329	$ 8,423
Auxiliary enterprises	43	27	40
Grants and contracts	4,482	5,695	10,320
Other	1,052	977	1,650
Total operating revenues	13,658	15,028	20,433
Operating Expenses:			
Instruction	22,635	22,663	18,742
Public services	224	246	272
Academic support	4,678	4,450	3,716
Student services	5,086	4,455	4,220
Institutional support	12,195	10,958	11,742
Operation and maintenance of plant	6,891	5,787	4,916
Scholarships and fellowships	3,804	2,806	7,666
Auxillary enterprises	978	669	640
Depreciation	5,657	5,180	4,967
Total operating expenses	62,148	57,214	56,881
Operating loss	(48,490)	(42,186)	(36,448)
Nonoperating Revenues and Expenses:			
State appropriations	9,823	7,953	7,869
Title IV federal programs	3,936	3,953	3,223
Student fast reimbursement	409	-	-
Taxes for maintenance and operations	30,568	30,275	28,266
Taxes of debt service	4,266	4,288	4,285
Investment income	2,074	1,042	(957)
Debt service expenses	(1,403)	(1,567)	(2,216)
Student book cost	(128)	-	-
Total nonoperating revenues and expenses	49,545	45,944	40,470

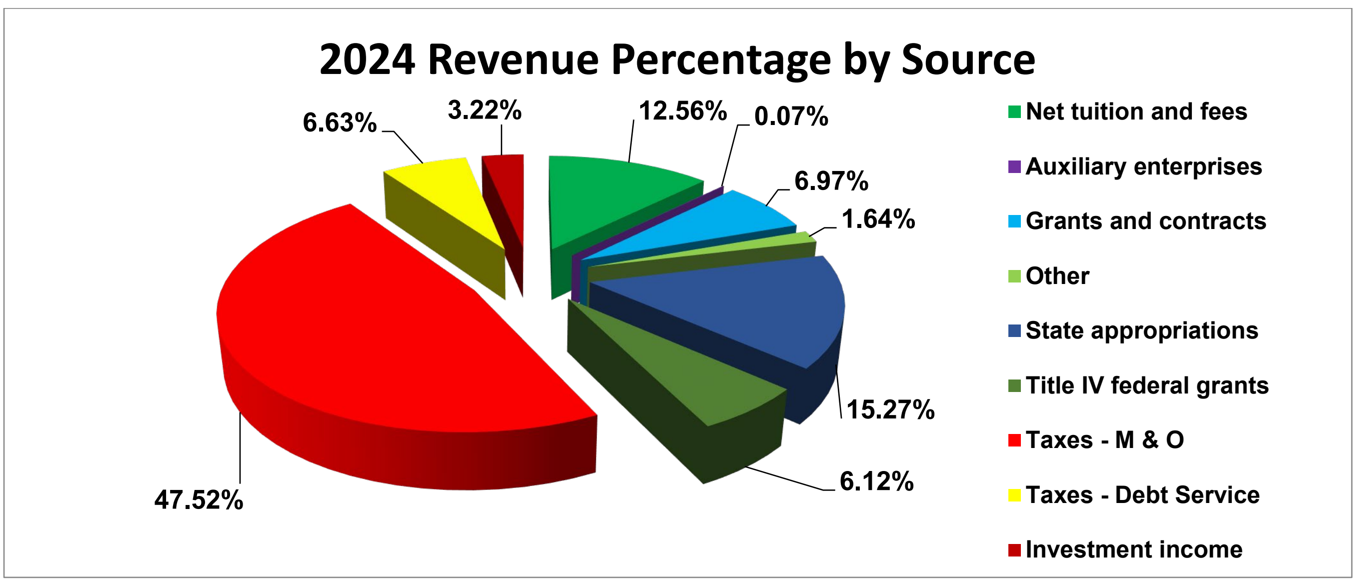
(continued)

The Statement of Revenues, Expenses, and Changes in Net Position - Continued

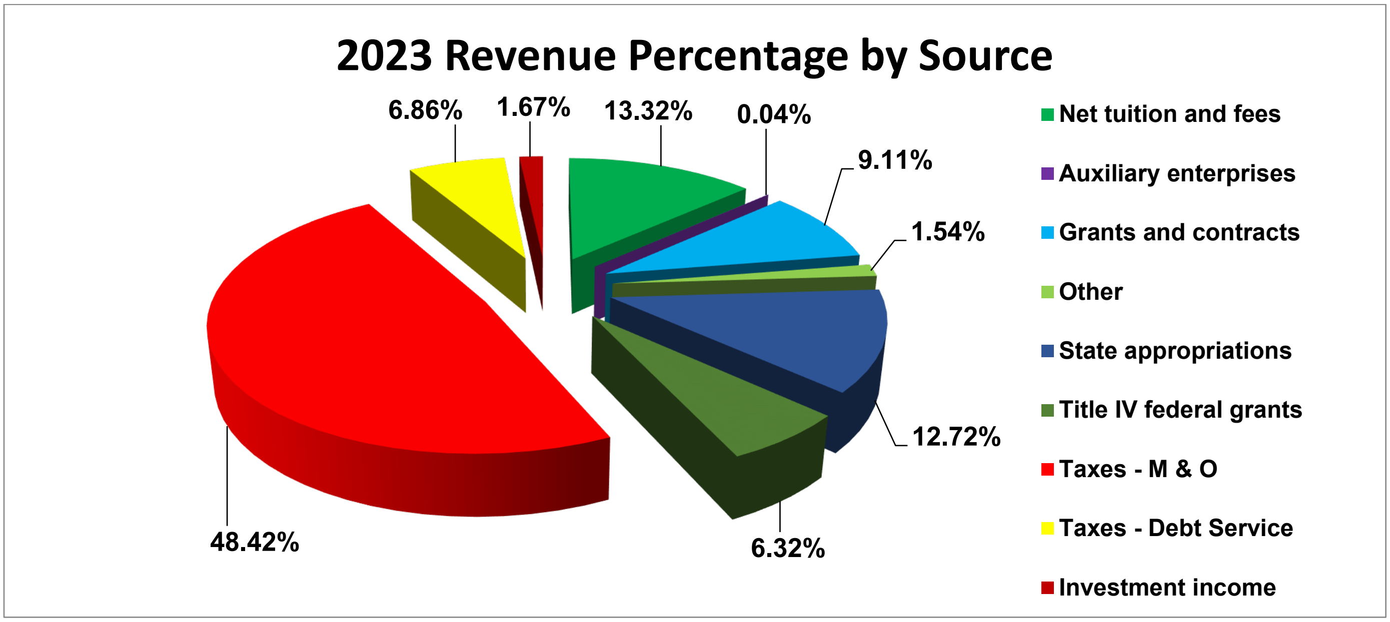
	2024	Restated 2023	Restated 2022
Income before other revenues, expense, gains or losses	$ 1,055	$ 3,758	$ 4,022
Other Revenues, Expenses, Gains or Losses:			
Additions (deductions) to permanent and term endowments	-	(15)	2
Increase in net position	1,055	3,743	4,024
Net Position at beginning of year (restated)	49,056	45,313	41,289
Net position at end of year	$ 50,111	$ 49,056	$ 45,313

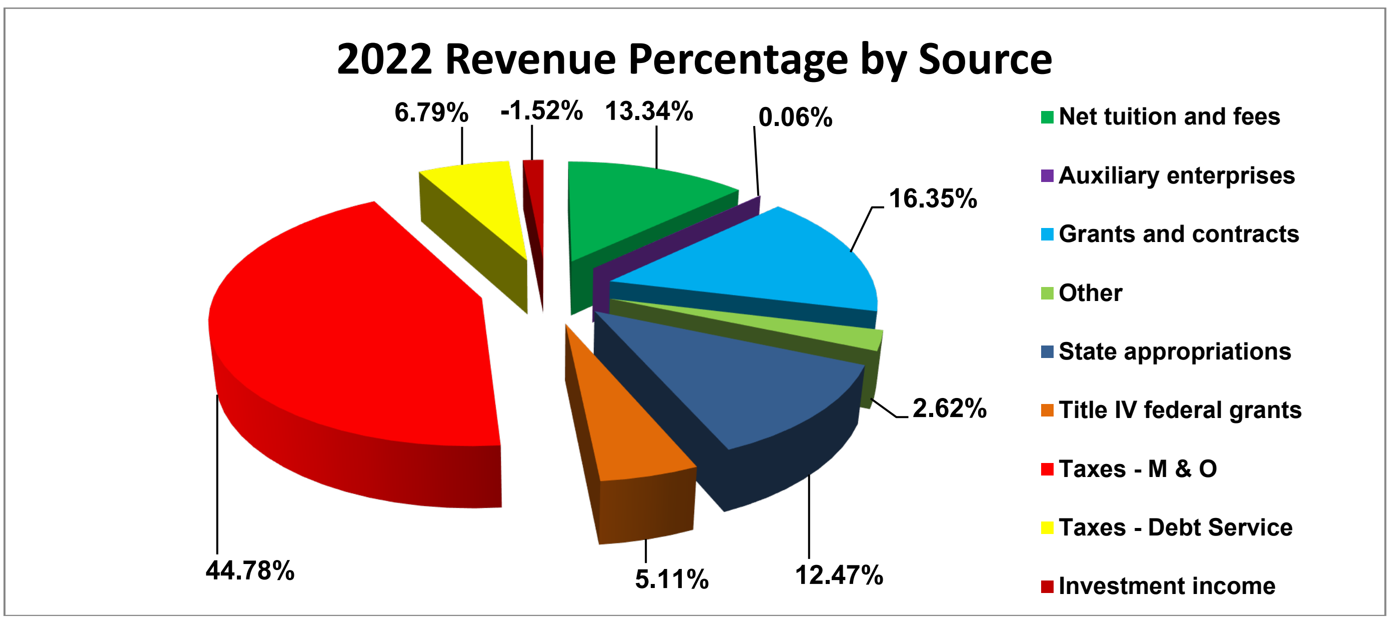
The following graphic information illustrates the changes in revenues, expenses and the results of both operating and non-operating activity for the years ended August 31, 2024, 2023 and 2022.

Revenues
The following is a graphic illustration of revenues by source (both operating and non-operating), which were used to fund the College's operating activities for the years ended August 31, 2024, 2023 and 2022.



The Statement of Revenues, Expenses, and Changes in Net Position - Continued

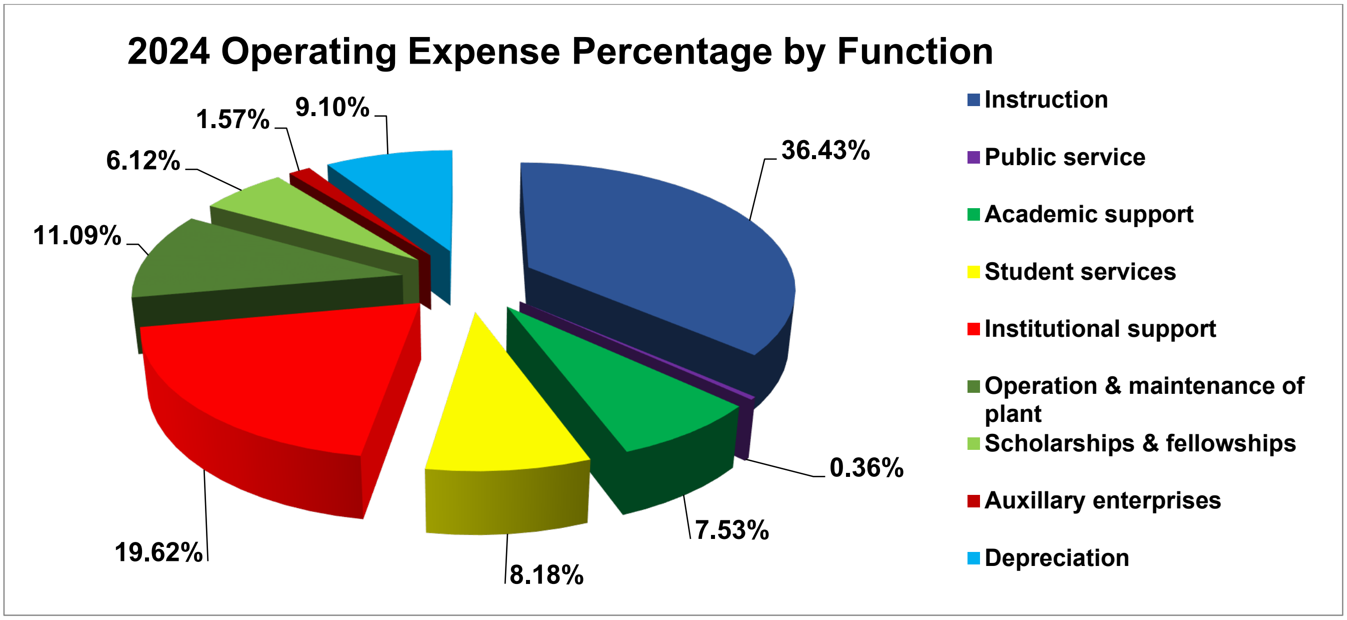


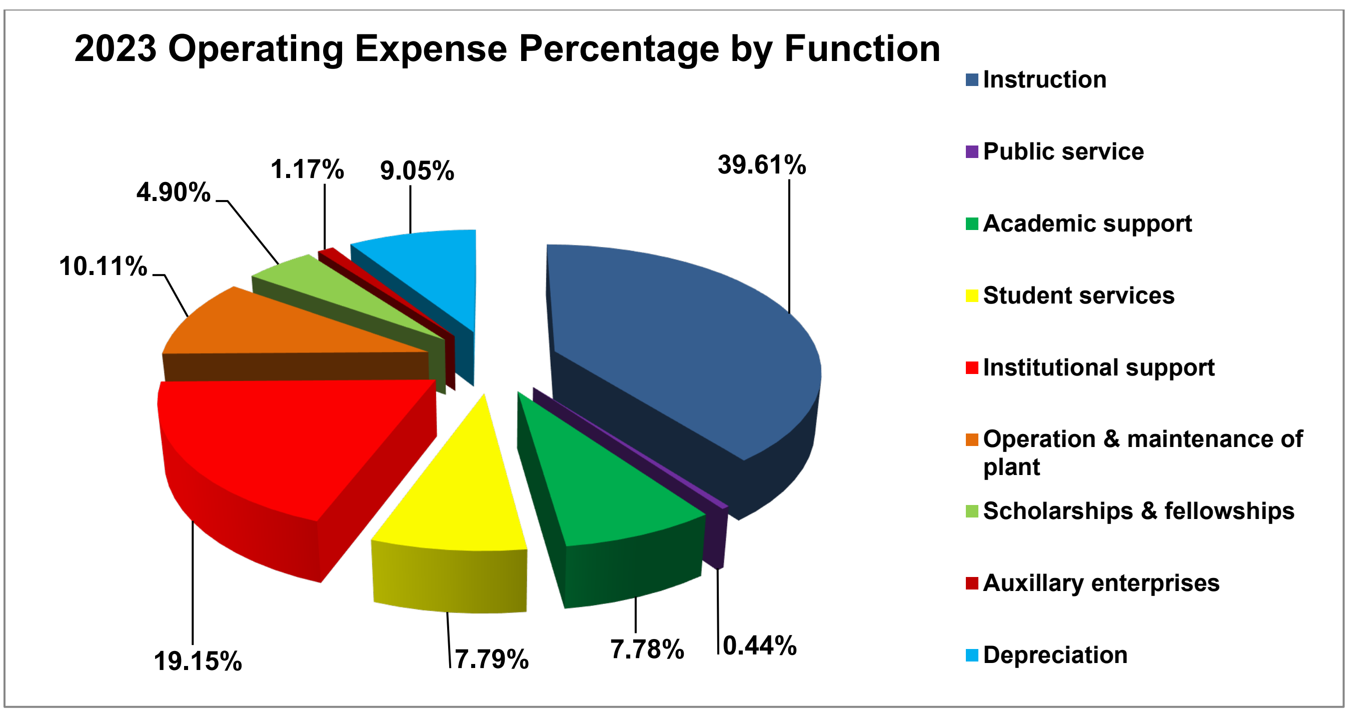


The Statement of Revenues, Expenses, and Changes in Net Position - Continued

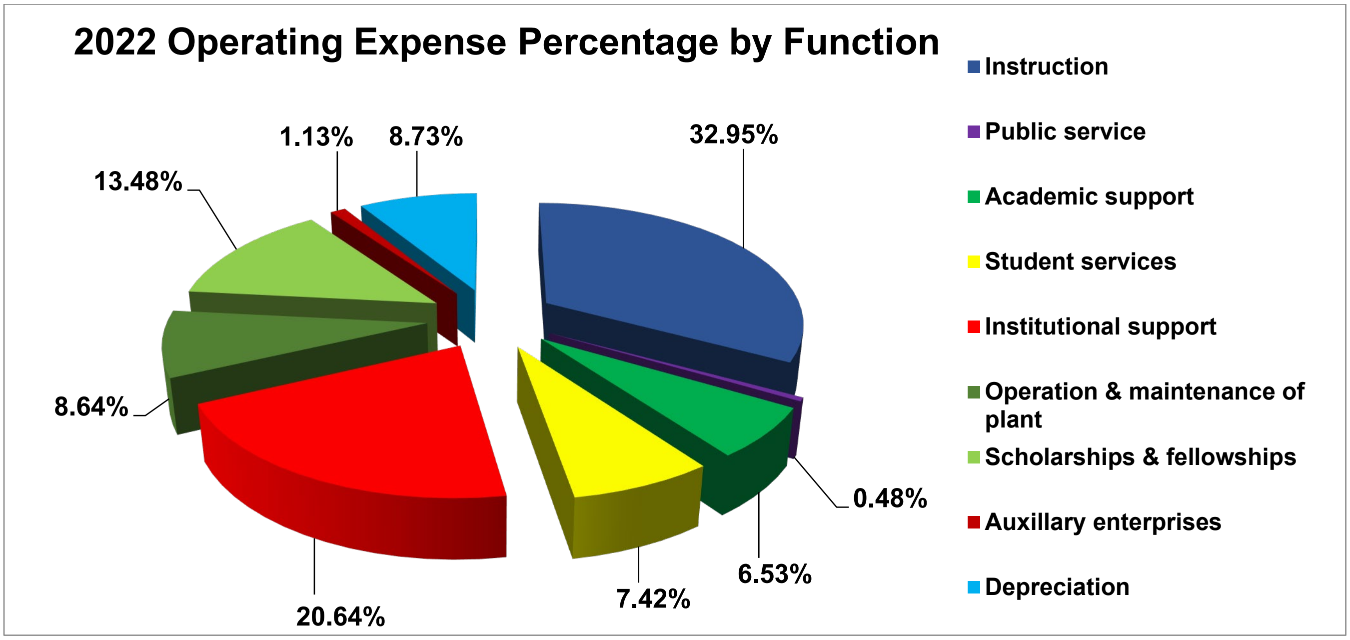
<u>Expenses</u>

Operating expenses can be displayed in two formats, natural classification and functional classification. Both formats are displayed below (as a percentage of total operating expenses), for the years ended August 31, 2024, 2023 and 2022.





The Statement of Revenues, Expenses, and Changes in Net Position - Continued



For the years ended August 31, 2024, 2023 and 2022, thirty-six point forty-three (36.43), thirty-nine point sixty-one (39.61) and thirty-two point ninety-five (32.95) percent of operating expenses by function are attributable to instruction, respectively. The percentages for the remaining functional areas range from zero point thirty-six (0.36) percent to twenty point sixty-four (20.64) percent of total operating expenses.

The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the ability of the College to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Statements of Cash Flows
(in thousands of dollars)

	2024	2023	2022
Cash Provided (Used) By:			
Operating activities	$ (36,063)	$ (34,293)	$ (27,808)
Non-operating financing activities	46,059	44,155	41,490
Capital and related financing activities	(14,059)	(12,919)	(12,012)
Investing activities	1,184	3,956	(9,156)
Net increase (decrease) in cash	(2,879)	899	(7,486)
Cash, beginning of year	8,636	7,737	15,223
Cash, end of year	$ 5,757	$ 8,636	$ 7,737

Material sources of cash included state appropriations, tuition and fees, and grants and contracts. Material uses of cash were for payments to suppliers and vendors, payments to employees, and payments for scholarships and fellowships.

Capital Asset and Debt Administration

Capital Assets

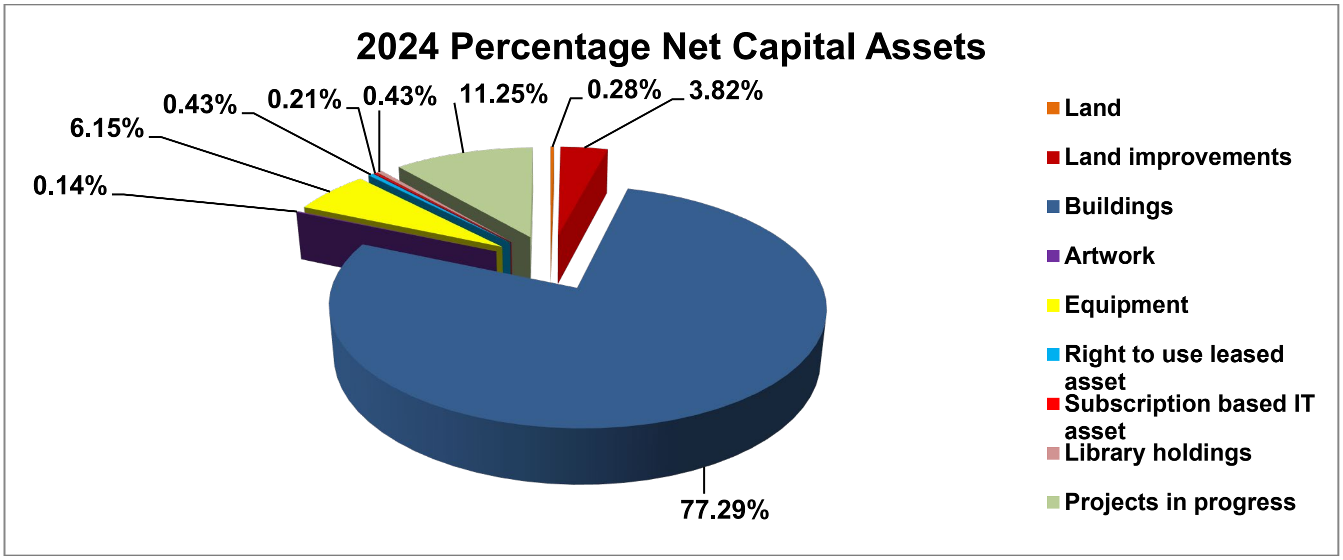
At August 31, 2024, the College had $ 107,204,159 invested in capital assets, net of accumulated depreciation/amortization. Depreciation/amortization charges totaled $ 5,656,995 for the current fiscal year. Details of these assets are shown below.

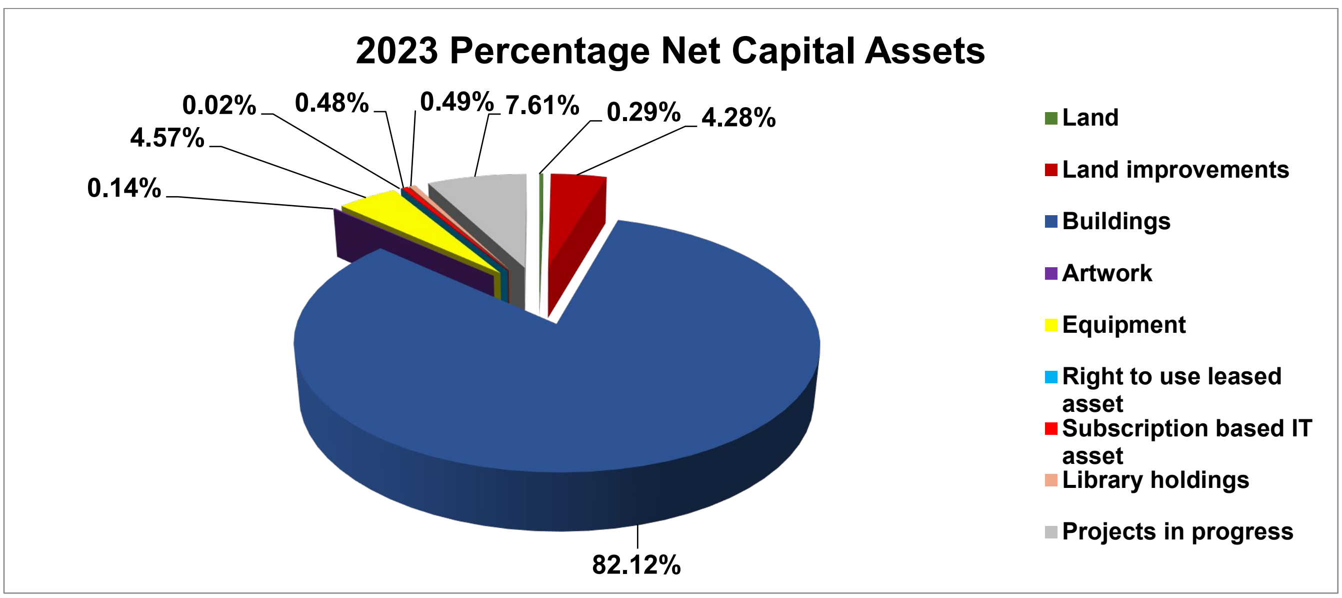
Schedules of Capital Assets, Net of Depreciation/Amortization
(in thousands of dollars)

	2024	2023	2022
Land	$ 296	$ 296	$ 296
Land improvements	4,090	4,445	4,574
Buildings	82,868	85,286	86,239
Artwork	147	147	147
Equipment	6,590	4,747	4,666
Right to use leased asset	466	16	35
Subscription based IT asset	224	503	-
Library holdings	462	513	568
Projects in progress	12,061	7,901	5,931
Total	$ 107,204	$ 103,854	$ 102,456

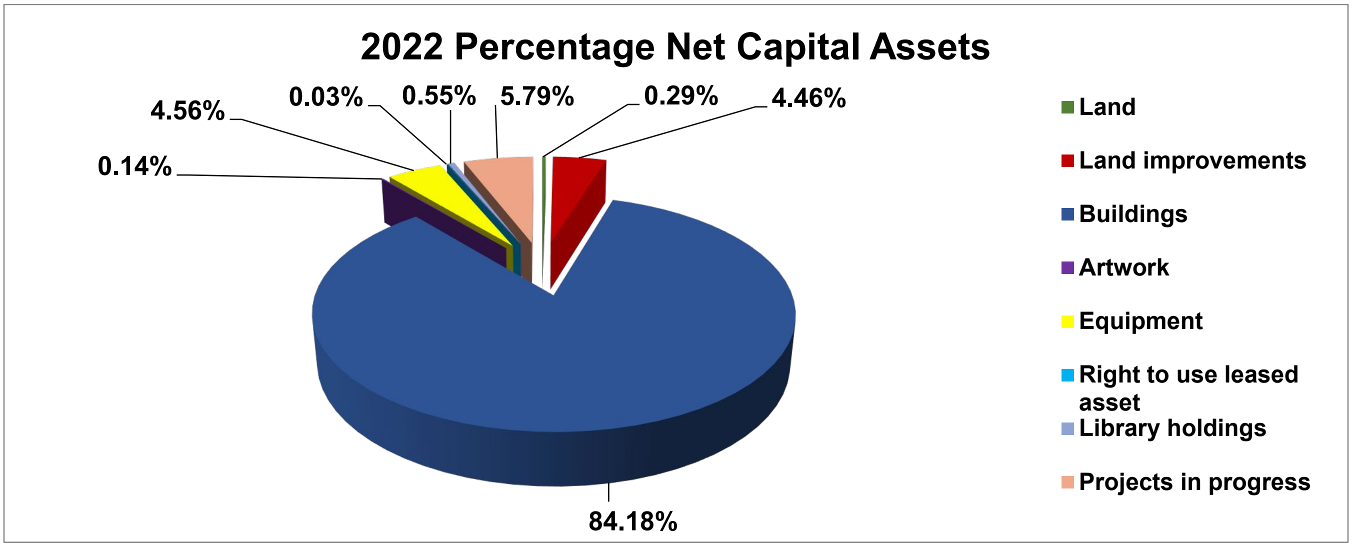
Capital Asset and Debt Administration - Continued

The following is a graphic illustration of the make-up of net capital assets at August 31, 2024, 2023 and 2022:





Capital Asset and Debt Administration - Continued



More detailed information about the College capital assets is presented in Note 4 to the financial statements.

Debt

At August 31, 2024, the College had $ 80,748,807 in debt outstanding. The table below summarizes these amounts by type of debt instrument.

Outstanding Debt Schedules - Net of Premiums
As of August 31, 2024, 2023 and 2022
(in thousands of dollars)

	2024	Restated 2023	Restated 2022
Revenue bonds	$ -	$ -	$ 935
General obligation bonds	37,945	40,710	43,340
Purchase financing note	7,309	8.181	9,030
Lease liability	471	21	74
Subscription based IT liability	-	78	-
Net pension liability	10,657	9,236	3,774
Net OPEB liability	20,160	21,218	23,903
Compensated absences	450	416	430
Premium on bonds	3,757	4,139	4,520
Total debt	80,749	83,999	86,006
Less current portion	4,943	4,722	5,415
Total noncurrent debt	$ 75,806	$ 79,277	$ 80,591

Capital Asset and Debt Administration - Continued

On December 15, 2015, the College authorized and issued $ 8,890,000 in Limited Tax Refunding Bonds, Series 2015 to advance refund $ 8,945,000 in Limited Tax Bonds, Series 2008.

On May 10, 2016, the College authorized and issued $ 21,955,000 in Limited Tax Refunding Bonds, Series 2016 to advance refund $ 11,795,000 in Limited Tax Bonds, Series 2008, $ 9,280,000 in Limited Tax Bonds, Series 2010, and $ 1,935,000 in Limited Tax Bonds, Series 2011, which totaled $ 23,010,000.

On April 22, 2016, the College entered into a purchase financing note for the purpose of constructing energy conservation measures, in the amount of $ 9,738,652.

On April 17, 2017, the College authorized and issued $ 9,015,000 in Limited Tax Refunding Bonds, Series 2017 to advance refund $ 9,135,000 in Limited Tax Bonds, Series 2010.

On October 15, 2020, the College authorized and issued $ 8,840,000 in Limited Tax Refunding Bonds, Series 2020 to advance refund $ 2,740,000 in Limited Tax Bonds, Series 2010 and $ 7,035,000 in Limited Tax Series Bonds, Series 2011.

The College currently is rated as Aa2 by Moody's. More detailed information about the College long-term liabilities is presented in Notes 5-9 to the financial statements.

Net Pension Liability and Net OPEB Liability Impact on Unrestricted Net Position

The College is required to report the net pension liability, net OPEB liability and related deferred outflows and inflows of resources per GASB Statement Nos. 68 and 75. With this required reporting, the College's collective share of these plans has significantly impacted the College's unrestricted net position. The following schedule is presented to show the isolated effects of the unrestricted net position as is relates to the net pension liability, net OPEB liability and related deferred outflows and inflows of resources.

GASB 68 and 75 Impact to Unrestricted Net Position
(in thousands of dollars)

	2024	2023	2022
Unrestricted net position, as presented	$ (16,172)	$ (8,690)	$ (1,329)
Add net pension liability	10.657	9,236	3,774
Add net OPEB liability	20,160	21,218	23,903
Subtract pension deferred outflows	(4,807)	(4,593)	(2,819)
Subtract OPEB deferred outflows	(3,464)	(6,045)	(6,487)
Add pension deferred inflows	443	704	4,354
Add OPEB deferred inflows	6,829	7,229	3,251
Unrestricted net position after impact	$ 13,464	$ 19,059	$ 24,647

Economic Factors That Will Affect the Future

In the 88th Legislative Session, lawmakers passed HB 8 which changed the funding model for community colleges. This funding model will be based exclusively on performance. For the current biennium that covers fiscal year 2024 and 2025, all community colleges will be treated as hold harmless and receive the funding budgeted. The College received a 25.45% increase in state funding for the next two years. This is the first increase that community colleges have received in more than two decades.

Economic Factors That Will Affect the Future - Continued

In September 2024, the Board of Regents approved a slight overall increase in the property tax rate for fiscal year 2024-2025. The approved rate was an increased of $ 0.003962 per $ 100 of valuation. This sets the rate at $ 0.238684 per $ 100 valuation for maintenance and operation taxes and $ 0.030109 per $ 100 valuation to pay the debt service on the General Obligation Bonds. Therefore, the current tax rate for the College is $ 0.268793 per $ 100 valuation, which is a slight increase over the prior year's overall rate of $ 0.264831. The current year overall rate was set at the No New Revenue Tax Rate, which is below the rollback rate. The net overall rate increase of $ 0.003962 applied to an increase in the tax base generated a Fiscal Year 2024 budget increase of $ 2,946,000 because of tax abatements coming on the rolls in the current fiscal year.

In September 2024, the Board of Regents approved the Facilities Master Plan at an approximate cost of $ 25 million with instructions to issue appropriate RFQs to engage Architect Services, financing using a combination of Tax Maintenance Certificates and Revenue Bonds, and obtaining a General Contractor to manage the project.

On October 21, 2024, the College authorized and will be issuing $ 8,065,000 in Limited Tax Refunding Bonds, Series 2024 to refund $ 8,815,000 in Limited Tax Bonds, Series 2015. The Net Present Value Savings on this is $ 600,067, with 6.807% savings on the refunded bonds.

The College has been very generous in voting to grant tax abatements to our industry taxpayers that have generated an increase in well paying jobs within our District. For fiscal year 2025, an estimated 1.01 billion will be added to assessed values generating an estimated 2.60 million dollars in new property taxes. For fiscal year 2026, an estimated 2.02 billion in assessed values will be added generating and estimated 5.3 million dollars in new property taxes. For fiscal year 2027, an estimated 2.68 billion will be added to assessed values generating an estimated 7.1 million dollars in new property taxes. This will assist in paying for the future projects that are planned.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances, as well as demonstrate accountability for funds the College receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice-President, Financial Services and CFO, Brazosport College District, 500 College Drive, Lake Jackson, Texas 77566.

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BASIC FINANCIAL STATEMENTS

BRAZOSPORT COLLEGE DISTRICT
Statements of Net Position
August 31, 2024 and 2023

	2024	Restated 2023
Assets:		
Current Assets:		
Cash and cash equivalents	$ 3,723,624	$ 6,821,427
Accounts and notes receivable (net of allowance for doubtful accounts)	3,406,331	973,669
Inventories	179,207	166,054
Other assets	2,081,823	2,598,617
Total current assets	9,390,985	10,559,767
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	2,033,796	1,814,303
Accounts receivable (net of allowance for doubtful accounts)	598,098	1,070,292
Investments	7,426,729	6,592,956
Other assets	10,823	-
Investments	10,033,813	9,992,360
Capital assets, (net of accumulated depreciation/amortization)	107,204,159	103,854,130
Total noncurrent assets	127,307,418	123,324,041
Total assets	136,698,403	133,883,808
Deferred Outflows Of Resources:		
Deferred loss on refunding	131,170	142,615
Pension deferred outflows of resources	4,806,869	4,593,337
OPEB deferred outflows of resources	3,463,864	6,044,572
Total deferred outflows of resources	8,401,903	10,780,524
Liabilities:		
Current Liabilities:		
Accounts payable	1,749,739	1,263,615
Accrued purchase financing note interest payable	65,189	72,962
Funds held for others	91,977	82,999
Unearned revenue	3,421,145	1,193,974
Accrued compensation absences - current portion	90,000	90,000
Lease liability - current portion	107,498	20,608
Subscription based IT liability - current portion	-	40,969
Purchase financing note - current portion	894,408	871,514
Net OPEB liability - current portion	563,892	551,612
Liabilities Payable from Restricted Assets:		
Accounts payable	1,101,511	476,066
Accrued bond interest payable	65,609	71,669
Unearned revenue	472,729	516,079
Bonds payable - current portion	3,286,911	3,146,911
Total current liabilities	$ 11,910,608	$ 8,398,978

(continued)

Liabilities:	2024	Restated 2023
Noncurrent Liabilities:		
Accrued compensated absences	360,577	326,495
Bonds payable	38,414,772	41,701,670
Lease liability	363,274	-
Subscription based IT liability	-	37,284
Purchase financing note	6,414,758	7,309,166
Net pension liability	10,657,017	9,236,303
Net OPEB liability	19,595,700	20,665,965
Total noncurrent liabilities	75,806,098	79,276,883
Total liabilities	87,716,706	87,675,861
Deferred Inflows of Resources:		
Pension deferred inflows of resources	442,948	703,475
OPEB deferred inflows of resource	6,829,788	7,229,336
Total deferred inflows of resources	7,272,736	7,932,811
Net Position:		
Net investment in capital assets	57,994,693	50,278,804
Restricted:		
Nonexpendable - Endowments	5,803,559	5,651,809
Expendable - Endowments	1,647,525	960,413
Expendable - Student aid	318,467	211,424
Expendable - Instructional programs	12,915	14,325
Expendable - Debt service	506,146	629,202
Unrestricted	(16,172,441)	(8,690,317)
Total net position	$ 50,110,864	$ 49,055,660

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT Exhibit 1A
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
Statements of Financial Position
August 31, 2024 and 2023

	2024	2023
Assets:		
Current Assets:		
Cash and cash equivalents	$ 204,640	$ 266,929
Pledges receivable (net of allowance for doubtful accounts)	23,252	28,024
Total current assets	227,892	294,953
Noncurrent Assets:		
Pledges receivable (net of allowance for doubtful accounts and discounts)	5,163	15,401
Investments	14,082,111	11,488,380
Total noncurrent assets	14,087,274	11,503,781
Total assets	14,315,166	11,798,734
Liabilities:		
Current Liabilities:		
Accounts payable	132,008	64,343
Unearned revenue	27,925	25,075
Total liabilities	159,933	89,418
Net Assets:		
Without donor restrictions	1,403,870	1,482,321
With donor restrictions	12,751,363	10,226,995
Total net assets	$ 14,155,233	$ 11,709,316

The accompanying notes are an integral part of this statement.

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BRAZOSPORT COLLEGE DISTRICT Exhibit 2

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2024 and 2023

	2024	Restated 2023
Operating Revenues:		
Tuition and fees net of discounts	$ 8,080,993	$ 8,328,605
Federal grants and contracts	2,431,586	3,539,886
State grants and contracts	1,302,519	1,432,961
Local grants and contracts	674,761	722,490
Non-governmental grants and contracts	73,093	-
Sales and services of educational activities	223,402	161,525
Auxiliary enterprises	42,675	27,111
Other operating revenues	829,290	815,501
Total operating revenues	13,658,319	15,028,079
Operating Expenses:		
Instruction	22,634,499	22,663,334
Public services	224,265	245,825
Academic support	4,678,357	4,450,066
Student services	5,085,960	4,454,772
Institutional support	12,194,859	10,957,580
Operation and maintenance of plant	6,891,154	5,787,089
Scholarships and fellowships	3,803,727	2,806,541
Auxiliary enterprises	978,059	669,370
Depreciation	5,656,995	5,179,854
Total operating expense	62,147,875	57,214,431
Operating loss	(48,489,556)	(42,186,352)
Non-Operating Revenues (Expenses)		
State appropriations	9,823,133	7,952,662
Title IV federal programs	3,935,937	3,953,428
State fast reimbursement	409,145	-
Taxes for maintenance and operations	30,567,625	30,275,216
Debt service ad valorem taxes	4,266,430	4,288,396
Investment income (loss) net of investment expenses	2,073,151	1,042,047
Interest on capital related debt	(1,402,964)	(1,566,943)
Student book cost	(127,697)	-
Net non-operating revenues (expenses)	49,544,760	45,944,806
Income before other revenues, (expenses), gains, (losses)	1,055,204	3,758,454
Other Revenues (Expenses), Gains, (Losses)		
Additions to permanent and term endowments	-	1,000
Deductions from permanent and term endowments	-	(16,476)
Total other revenues (expenses), gains, (losses)	-	(15,476)
Increase in net position	1,055,204	3,742,978
Net position - beginning of year (restated)	49,055,660	45,312,682
Net position - end of year	$ 50,110,864	$ 49,055,660

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT Exhibit 2A
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
Statements of Financial Activity
For the Year Ended August 31, 2024
(With Comparative Totals for the Year Ended August 31, 2023)

	Year Ended August 31, 2024			Year Ended August 31, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions (net of discounts and allowances)	$ 26,460	$ 824,312	$ 850,772	$ 626,362
Fundraising	34,875	228,119	262,994	200,848
Investment return, net	174,731	1,831,926	2,006,657	455,502
Net Assets Released from Restrictions:				
Satisfaction of purpose restrictions	359,989	(359,989)	-	-
Total revenues and other support	596,055	2,524,368	3,120,423	1,282,712
Expenses				
Programs:				
Scholarships	298,353	-	298,353	444,401
Other Grants to Brazosport College	222,324	-	222,324	211,581
Management and general	18,471	-	18,471	26,780
Fundraising	135,358	-	135,358	106,502
Total operating expenses	674,506	-	674,506	789,264
Change in net assets	(78,451)	2,524,368	2,445,917	493,448
Net assets - beginning of year	1,482,321	10,226,995	11,709,316	11,215,868
Net assets - end of year	$ 1,403,870	$ 12,751,363	$ 14,155,233	$ 11,709,316

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 8,507,740	$ 8,099,702
Receipts of appropriations, grants and contracts	7,107,824	7,931,639
Other receipts	1,104,345	1,004,137
Payments to or on behalf of employees	(34,522,557)	(31,893,674)
Payments to suppliers of goods and services	(14,456,297)	(15,695,858)
Payments of scholarships	(3,803,727)	(3,738,900)
Net cash used by operating activities	(36,062,672)	(34,292,954)
Cash Flows from Noncapital and Related Financing Activities:		
State appropriations	7,197,268	5,716,360
Ad valorem tax revenues	34,644,502	34,500,732
Title IV federal programs	3,935,937	3,953,428
Gifts and grants (other than capital)	-	(15,476)
Other	281,448	-
Net cash provided by noncapital and related financing activities	46,059,155	44,155,044
Cash Flows from Capital and Related Financing Activities:		
Proceeds from subscription based IT arrangements	-	101,465
Principal payments on bonded debt	(3,812,933)	(4,491,196)
Interest and fees paid on bonded debt	(1,787,250)	(1,951,375)
Purchases of capital assets	(8,458,694)	(6,578,107)
Net cash used by capital and related financing activities	(14,058,877)	(12,919,213)
Cash Flows from Investing Activities		
Proceeds from sale and maturity of investments	10,493,953	13,512,078
Investment earnings	1,191,577	920,814
Purchases of investments	(10,501,446)	(10,476,678)
Net cash provided by investing activities	1,184,084	3,956,214
Increase (decrease) in cash and cash equivalents	(2,878,310)	899,091
Cash and cash equivalents - beginning	8,635,730	7,736,639
Cash and cash equivalents - ending	$ 5,757,420	$ 8,635,730

	2024	2023
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	$ (48,489,556)	$ (42,186,352)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Depreciation/amortization	5,656,995	5,179,854
State on-behalf benefits	2,625,865	2,236,302
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts and notes receivables, net	(1,757,074)	(461,696)
Inventories	(13,153)	7,540
Other assets	505,971	(386,087)
Pension deferred outflows of resources	(213,532)	(1,774,363)
OPEB deferred outflows of resources	2,580,708	442,753
Accounts payable	1,111,569	(675,193)
Unearned revenue	2,183,821	232,793
Deposits held for others	8,978	-
Compensated absences	34,082	(13,852)
Net pension liability	1,420,714	5,462,850
Net OPEB liability	(1,057,985)	(2,685,187)
Pension deferred inflows of resources	(260,527)	(3,650,871)
OPEB deferred inflows of resources	(399,548)	3,978,555
Net cash used by operating activities	$ (36,062,672)	$ (34,292,954)
Noncash Transactions Affecting Financial Position:		
Change in value of investments - from cost to fair value	$ (867,733)	$ 32,272
Changes in pension deferred outflows of resources	213,532	1,774,363
Changes in net pension obligation	(1,420,714)	(5,462,850)
Changes in pension deferred inflows of resources	260,527	3,650,871
Changes in OPEB deferred outflows of resources	(2,580,708)	(442,753)
Changes in net OPEB liability	1,057,985	2,685,187
Changes in OPEB deferred inflows of resources	399,548	(3,978,555)
Net noncash transactions affecting financial position	$ (2,937,563)	$ (1,741,465)

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT Exhibit 3A
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from contributions	$ 805,755	$ 643,233
Receipts from fundraising	265,844	200,848
Receipt of interest and dividend earnings	287,552	293,830
Payments to suppliers of goods and services	(363,953)	(310,376)
Payments of scholarships	(230,688)	(444,401)
Payments of grants to Brazosport College District	(5,000)	(1,696)
Net cash provided by operating activities	759,510	381,438
Cash Flows from Investing Activities:		
Purchases of investments	(2,935,132)	(2,395,697)
Proceeds from sale and maturity of investments	2,113,333	1,989,384
Net cash used by investing activities	(821,799)	(406,313)
Decrease in cash and cash equivalents	(62,289)	(24,875)
Cash and cash equivalents - beginning	266,929	291,804
Cash and cash equivalents - ending	$ 204,640	$ 266,929
Noncash Transactions Affecting Financial Position:		
Contributions of in-kind services	$ 7,200	$ 7,200
Donated investments	52,827	-
Change in value of investments - from cost to fair value	1,719,105	(161,672)
Net noncash transactions affecting financial position	$ 1,779,132	$ (154,472)

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT Exhibit 4

Statements of Fiduciary Net Position

August 31, 2024 and 2023

	2024 Custodial Funds	2023 Custodial Funds
Assets:		
Cash and cash equivalents	$ 172,986	$ 135,896
Total assets	172,986	135,896
Liabilities:		
Total liabilities	-	-
Net Position:		
Restricted For:		
Individuals, organizations and other governments	172,986	135,896
Total net position	$ 172,986	$ 135,896

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT Exhibit 5

Statements of Changes in Fiduciary Net Position
For the Years Ended August 31, 2024 and 2023

	2024 Custodial Funds	2023 Custodial Funds
Additions:		
Contributions	$ 93,582	$ 97,928
Total additions	93,582	97,928
Deductions:		
Administrative expense - marketing	56,492	62,513
Total deductions	56,492	62,513
Change in net position	37,090	35,415
Net position - beginning	135,896	100,481
Net position - ending	$ 172,986	$ 135,896

The accompanying notes are an integral part of this statement.

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1. REPORTING ENTITY

1.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Brazosport College District (the "College") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the College's financial activities for the fiscal years ended August 31, 2024 and 2023.

1.B. Reporting Entity

Brazosport College District was established in 1948, in accordance with the laws of the State of Texas, to serve the educational needs of Brazosport and the surrounding communities. On September 15, 2003 the Board of Regents of the Brazosport College District passed a resolution to change the corporate name of the college district to Brazosport College District. The Brazosport College District is considered to be a special purpose, primary government financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34". While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of the these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.A. Report Guidelines

The financial statements of the College are prepared in accordance with generally accepted accounting principles (GAAP). The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

2.B. Tuition Discounting

Texas Public Education Grants
Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.B. Tuition Discounting - Continued

Title IV, Higher Education Act Program Funds
Certain Title IV Higher Education Act Program funds are received by the College to pass through to the student. The funds are initially received by the College and recorded as non-operating revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts
The college awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

2.C. Basis of Accounting

The financial statements of the College and the financial statements of the component unit report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Major revenue sources susceptible to accrual include: state appropriations, tuition and fees, grants and contracts, property taxes, and investment income.

Operating income includes revenues and expenses related to the primary, continuing operations of the College. Principal operating revenues include tuition and fees, grants and contracts, and charges to customers for sales and services. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, and then unrestricted resources as needed. See Note 2.F. for information describing restricted assets.

2.D. Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.E. Cash and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. The governing board has designated public funds investment pools comprised of $ 4,858,158 and $ 7,767,381 at August 31, 2024 and 2023, respectively to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

2.F. Restricted Assets

Certain College assets are restricted for construction funded through long-term debt, payment of debt service and fiscal fees on long-term debt, endowments, student aid and instructional programs. Restricted assets include the excess of restricted assets over restricted liabilities except for restricted liabilities related to investment in capital assets. See Note 2.C. describing the priority for use on restricted and unrestricted assets. See Note 2.L. for additional information on donor restricted endowments.

2.G. Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and computer equipment and related accessories. Inventories are valued at cost and are charged to expense as consumed.

2.H. Capital Assets

Capital assets are recorded at historical cost at the date of acquisition, or acquisition value of donated assets. For equipment, the College's capitalization policy includes all items with a unit cost of $ 5,000 or more and an estimated useful life in excess of one year. Renovations of $ 100,000 to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 years
Land Improvements	20 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Library Books	10 years
Telecommunications and Peripheral Equipment	5 years
Right to Use Leased Assets	5 years
Subscription Based IT Assets	3 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.I. Capitalized Interest

Interest costs are capitalized when incurred on debt where proceeds were used to finance construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. During the years ended August 31, 2024 and 2023, the College did not capitalize any interest.

2.J. Unearned Revenues

Tuition and fees of $ 3,421,145 and $ 1,193,974, and federal, state and local grants of $ 472,729 and $ 516,079, have been reported as unearned revenue at August 31, 2024 and 2023 respectively.

2.K. Estimates

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

2.L. Endowments (With Donor Restrictions)

Effective January 1, 2008, the College adopted the provisions of FASB Codification (Topic 958, Sub-section 205, Section 5, paragraph 10) related to "Endowment of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" The FASB Codification provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted and board-designated endowment funds.

The College's endowment consists of approximately 38 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Regents to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Regents of the College has interpreted the Uniform Prudent management of Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.L. Endowments (Donor Restricted) - Continued

The remaining portion of the net assets with donor restrictions is retained until the amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the College considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the College and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the College.
7. The investment policy of the College.

Endowment net position consists of the following at August 31, 2024 and 2023:

August 31, 2024	Net Position Without Donor Restriction	Net Position With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 5,803,559	$ 5,803,559
Board-designated endowment funds	1,647,525	-	1,647,525
Total endowed net position	$ 1,647,525	$ 5,803,559	$ 7,451,084

August 31, 2023	Net Position Without Donor Restriction	Net Position With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 5,651,809	$ 5,651,809
Board-designated endowment funds	960,413	-	960,413
Total endowed net position	$ 960,413	$ 5,651,809	$ 6,612,222

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.L. Endowments (Donor Restricted) - Continued

Changes in endowment net position for the years ended August 31, 2024 and 2023:

August 31, 2024	Net Position Without Donor Restriction	Net Position With Donor Restriction	Total
Endowment net position, September 1, 2023	$ 960,413	$ 5,651,809	$ 6,612,222
Net investment return	770,162	151,750	921,912
Scholarships provided	(83,050)	-	(83,050)
Endowment net position, August 31, 2024	$ 1,647,525	$ 5,803,559	$ 7,451,084

August 31, 2023	Net Position Without Donor Restriction	Net Position With Donor Restriction	Total
Endowment net position, September 1, 2022	$ 929,690	$ 5,480,495	$ 6,410,185
Net investment return	82,321	182,946	265,267
Contributions	-	1,000	1,000
Scholarships provided	(51,598)	(12,632)	(64,230)
Endowment net position, August 31, 2023	$ 960,413	$ 5,651,809	$ 6,612,222

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the College to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Regents. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net position. There were no such deficiencies as of August 31, 2024 or August 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.L. Endowments (Donor Restricted) - Continued

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period as well as board-designated funds.

If a donor has not provided specific instructions, State law appears to permit the College's Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board of Regents is required to consider the College's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College's security selection and asset allocation strategy sets a long-term percentage target for the amount of the endowment's market value that is to be invested in any one-asset class (See Note 3.B. for details).

Spending policy and How the Investment Objectives Relate to Spending Policy

The College's Board of Regents chooses to spend only a portion of the endowment earnings each year. Under the policy established by the Board, annual distributions shall be approximately 3 to 5 percent of the sum of the original corpus plus realized gains. The annual spending shall not reduce the original corpus value. The remaining endowment earnings, if any, is retained and classified as expendable for future years. The Board may spend income from the endowment fund for scholarships or operations of the college. For the years ended August 31, 2024 and 2023, net assets without donor restrictions increased the amount available to be spent by $ 687,112 and $ 30,723.

2.M. Operating and Non-Operating Revenue and Expenses Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a Business Type Activity (BTA) and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (Federal Supplemental Education Opportunity Grants, Student Loan Program, Federal Work Study Program, Pell Grant, and Academic Competitiveness Program) is now characterized as non-operating revenue as opposed to operating revenue. The major non-operating revenues are state allocations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The College does not perform the operation of the bookstore and the cafeteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.N. Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

2.O. New Pronouncements

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

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

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

GASB Statement No. 102 “Certain Risk Disclosures” was issued in December 2023. The management of the College does not expect the implementation of this standard to have a material effect on the financial statements of the College. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 “Financial Reporting Model Improvements” was issued in April 2024. The management of the College does not expect the implementation of this standard to have a material effect on the financial statements of the College. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 “Disclosure of Certain Capital Assets” was issued in September 2024. The management of the College does not expect the implementation of this standard to have a material effect on the financial statements of the College. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.P. Pensions and Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) - Defined Benefit Pension Plan, and the Employees Retirement System of Texas (ERS) - OPEB Plan have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about assets, liabilities and additions to/deductions from TRS's and ERS'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.

2.Q. Leases

Lessee: The District is a lessee for a noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of $ 5,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.R. Subscription Based Information Technology Arrangements

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

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

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

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

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

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

3. DEPOSITS AND INVESTMENTS

The College classifies deposits and investments for financial statement purposes as cash and cash equivalents, short-term investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either short-term investments or investments. Short-term investments have maturity of one year or less and investments are those that have a maturity of one year or more. See Note 2.E. for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

3. DEPOSITS AND INVESTMENTS - Continued

Cash and cash equivalents, short-term investments, and investments as reported on the statement of net position at August 31, 2024 and 2023 are as follows:

	Unrestricted	Restricted	Total
August 31, 2024			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	$ 5,632	$ -	$ 5,632
Financial Institution Deposits:			
Demand deposits	528,663	364,967	893,630
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TexSTAR	3,189,329	1,668,829	4,858,158
Total cash and cash equivalents	3,723,624	2,033,796	5,757,420
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit	-	99,000	99,000
U.S. Agencies	10,033,813	1,237	10,035,050
Mutual funds	-	2,539,860	2,539,860
Equities	-	4,786,632	4,786,632
Total investments	10,033,813	7,426,729	17,460,542
Total cash and cash equivalents and investments	$ 13,757,437	$ 9,460,525	$ 23,217,962

	Unrestricted	Restricted	Total
August 31, 2023			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	$ 5,682	$ -	$ 5,682
Financial Institution Deposits:			
Demand deposits	649,068	213,599	862,667
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TexSTAR	6,166,677	1,600,704	7,767,381
Total cash and cash equivalents	6,821,427	1,814,303	8,635,730
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit	-	99,000	99,000
U.S. Agencies	9,992,360	-	9,992,360
Mutual funds	-	2,491,839	2,491,839
Equities	-	4,002,117	4,002,117
Total investments	9,992,360	6,592,956	16,585,316
Total cash and cash equivalents and Investments	$ 16,813,787	$ 8,407,259	$ 25,221,046

3. DEPOSITS AND INVESTMENTS - Continued

3.A. Deposits

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

At August 31, 2024 and 2023, the carrying amounts of the College's deposits of the primary government were $ 893,630 and $ 961,667 and total financial institution balances equaled $ 1,866,279 and $ 1,933,302, respectively. At August 31, 2024 and 2023, financial institutions balances of $ 483,799 and $ 522,480 were covered by federal depository insurance, $ 25,427 and $ 19,062 were covered by the Securities Investor Protection Corporation Insurance, $ 1,357,053 and $ 1,391,760 were covered by collateral pledged in College's name. The collateral was held in safekeeping departments of unrelated financial institutions, which act as the pledging financial institution's agents. The College's deposits held at financial institutions were collateralized or insured.

The College's deposits and investments are invested pursuant to the investment policies, which are approved by the Board of Regents. The investment policies include lists of authorized investment instruments and allowable stated maturity of individual investments. In addition they include an "Investment Strategy Statement" that specifically addresses each type's (unrestricted and restricted) investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the College will deposit funds is addressed.

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

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments

Unrestricted Investment Policy

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

1. Obligations of the United States Government or its agencies and instrumentalities, which have the full faith and credit guarantee of the United States Government or its agencies and instrumentalities.
2. Certificates of deposit guaranteed by the Federal Deposit Insurance Corporation issued by state and national banks domiciled in Texas.
3. Demand deposits and certificates of deposit guaranteed by the Federal Deposit Insurance Corporation or secured by pledged securities issued by the depository approved by the Board of Regents.
4. Public funds investment pools as permitted by Government Code 2256.016 - 2256.019 and approved by Board resolution up to twenty-five million dollars. Public funds investment pools may also be used to deposit bond sale proceeds up to the limit of the bonds issued. As long-term investments are purchased, the funds are transferred out of the public funds investment pool account.
5. Commercial paper that has a maturity of 270 days or fewer and is rated no less than A-1 or P-1 by at least two nationally recognized rating agencies.
6. Money market mutual funds as permitted by Government Code 2256.014 and approved by Board resolution.
7. Fully collateralized repurchase agreements as permitted by Government Code 2256.011.

Restricted Investment Policy (Endowments)

The College's endowment fund assets are to be invested in accordance with sound investment practices that emphasize long-term growth for the endowment. This endowment will be managed according to the following underlying principles:

1. The endowment's investments shall emphasize long-term capital appreciation as a primary source of return. Current income is a supplementary source of gains.
2. The investment objective recognizes that the assets are exposed to risk and may be subject to large fluctuations in market value from year-to-year. This volatile performance is acceptable, as long as the endowment is invested primarily for capital appreciation over the long-term.
3. The endowment's assets are expected to earn long-term returns sufficient to grow the purchasing power of assets over the long-term, net of disbursements and fees.
4. The investment objective implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy.
5. The endowment shall be diversified in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions.
6. The endowment shall achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios and of appropriate market indices.

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

Restricted Investment Policy (Endowments) - Continued

The College's endowment funds are authorized to be invested in the items listed in the Unrestricted Investment Policy and the following investment instruments provided that they meet the guidelines of the investment policy:

1. Mutual Fund Investments - The investment guidelines for mutual funds and limited partnerships are detailed in the prospectus or Declaration of Trust for individual funds. The investment advisor is responsible for reviewing these guidelines to ensure they are generally consistent with College's investment policy and advising the Board.
2. Permitted Securities - The securities shall be registered with the Securities and Exchange Commission, and traded on a recognized U.S. stock exchange or over-the-counter market. Private placement issues also known as "144A" securities may not be purchased.

   a. Real Estate Securities include: Equity REITs, mortgage REITs, CMO or mortgage-related securities REITs, Health Care REITs, and equities of real estate operating companies.
   b. Fixed Income Securities include: Domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. Corporations, Yankee bonds and notes (bonds or notes issued by non-U.S. based corporations and governments but traded in the US), securitized mortgages (GNMA's, FNMA's, FHLMC's) collateralized mortgage obligations, asset-backed securities, taxable municipal bonds, convertible bonds and preferred stock.
   c. International Securities include: sponsored and unsponsored American Depository Shares (ADS's) or other depository securities of non-U.S. based companies traded in the U.S. and closed-end country funds. Equities of foreign domiciled companies that are traded in the U.S. may also be purchased so long as the securities are registered with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market.

3. Excluded Investments - The endowment's assets may not be used for the following purposes:
   a. Short sales;
   b. Purchases of letter stock or private placements;
   c. Leveraged transactions except through experienced fund managers;
   d. Commodities transactions;
   e. Puts, calls, straddles, or other option strategies;
   f. Purchase of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or marketable real estate securities;
   g. Investment in limited partnerships except for publicly traded Master Limited Partnerships and debt issued by Real Estate Master Trusts; and
   h. Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in the investment policy statement.

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

The College's security selection and asset allocation strategy sets a long-term percentage target for the amount of the endowment's market value that is to be invested in any one-asset class. In line with the return objectives and risk parameters of the endowment, the mix of assets should be generally maintained as follows:

Asset Class/Investment Style	Minimum	Target	Maximum
Domestic Large/Medium/Small Cap Stocks	0%	30-50%	50%
International Stocks	0%	5-15%	15%
Total equities	0%	30-50%	50%
Investment grade fixed income *	0%	35-50%	100%
Real estate funds, convertible funds, and Closed-end funds	0%	5-10%	15%
State sponsored pools	0%	**	100%**
Cash and cash equivalents	0%	**	100%**

In order to assure preservation of original corpus, managers may be required to hold cash, cash equivalents, and investment grade fixed income securities when appropriate.

* Investment grade is securities with a minimum BBB rating by Standard & Poors.
** Cash held outside the investment manager's accounts shall be the minimum amount needed to meet anticipated expenditures.

Rebalancing the Portfolio - The allocation to each asset class and to investment styles within asset classes is expected to remain stable over most market cycles. Since capital appreciation (depreciation) and trading activity in individually managed portfolios can result in deviation from overall asset allocation, the aggregate asset allocation can result in deviation from overall asset allocation; the aggregate asset allocation will be monitored by the investment advisor and readjusted at least annually. Should an allowable asset range be violated, the Board of Regents must rebalance the existing assets to the target mix within three months of the time when the deviation is discovered.

The College participates in four Local Government Investment Pools (LGIPs): TexPool, Lone Star, TexSTAR, and LOGIC. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Lone Star, TexSTAR, and LOGIC, advisory boards consisting of participants or their designees, maintains oversight responsibility for Lone Star, TexSTAR, and LOGIC.

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

The College invests in TexPool, Lone Star, TexSTAR, and LOGIC to provide its liquidity needs. TexPool, Lone Star, TexSTAR, and LOGIC are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star, TexSTAR, and LOGIC are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star, TexSTAR, and LOGIC are rated AAAm and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At August 31, 2024 TexPool, Lone Star, TexSTAR, and LOGIC had a weighted average maturity of 36 days, 23 days, 36 days, and 46 days, respectively. Although TexPool, Lone Star, TexSTAR, and LOGIC portfolios had a weighted average maturity of 36 days, 23 days, 36 days, and 46 days, respectively, the College considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

All of the College’s investments are insured, registered, or the College’s agent holds the securities in the College’s name; therefore, the College is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the College at August 31, 2024 and 2023.

	Unrestricted	Restricted	Total
August 31, 2024			
Local government investment pools	$ 3,189,329	$ 1,668,829	$ 4,858,158
Certificates of deposit	-	99,000	99,000
U.S. Agencies	10,033,813	1,237	10,035,050
Mutual funds	-	2,539,860	2,539,860
Equities	-	4,786,632	4,786,632
	$ 13,223,142	$ 9,095,558	$ 22,318,700

	Unrestricted	Restricted	Total
August 31, 2023			
Local government investment pools	$ 6,166,677	$ 1,600,704	$ 7,767,381
Certificates of deposit	-	99,000	99,000
U.S. Agencies	9,992,360	-	9,992,360
Mutual funds	-	2,491,839	2,491,839
Equities	-	4,002,117	4,002,117
	$ 16,159,037	$ 8,193,660	$ 24,352,697

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

Unrestricted Funds

As of August 31, 2024 and 2023, the College's unrestricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
August 31, 2024		
Local government investment pools	$ 3,189,329	36
U.S. Agencies	10,033,813	237
Total unrestricted investments	$ 13,223,142	189
August 31, 2023		
Local government investment pools	$ 6,166,677	26
U.S. Agencies	9,992,360	255
Total unrestricted invesments	$ 16,159,037	168

Credit Risk - As of August 31, 2024 and 2023, the LGIPs (which represent approximately 24.12% and 38.16% of the unrestricted portfolio) are rated AAAm by Standard and Poor's. The U.S. agencies (which represent approximately 75.88% and 61.84% of the unrestricted portfolio) are rated AAA and Aaa by Standard and Poor's, and Moody's.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires 50% of unrestricted net assets not exceed one (1) year and none exceed two (2) years, unless matched to a specific requirement, such as investments required to support student scholarships. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the College's cash flow requirements.

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

Restricted (Non-Endowment) Funds

As of August 31, 2024 and 2023, the College's non-endowment restricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
August 31, 2024		
Local government investment pools (LGIP)	$ 1,668.829	36
Total restricted (non-endowment) investments	$ 1,668,829	
August 31, 2023		
Local government investment pools (LGIP)	$ 1,600,704	23
Total restricted (non-endowment) investments	$ 1,600,704	

Credit Risk - As of August 31, 2024 and 2023, the LGIP's (which represent 100.00% and 100.00% of the restricted (non-endowment) portfolio are rated AAAm by Standard and Poor's.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy allows investment of these funds for periods matched to the specific purpose of such funds.

Restricted (Endowment) Funds

As of August 31, 2024 and 2023, the College's endowment restricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
August 31, 2024		
Certificates of deposit	$ 99,000	24
U.S. Agencies	1,237	237
Mutual funds	2,539,860	
Equities	4,786,632	
Total restricted (endowment) investments	$ 7,426,729	27
August 31, 2023		
Certificates of deposit	$ 99,000	24
Mutual funds	2,491,839	
Equities	4,002,117	
Total restricted (endowment) investments	$ 6,592,956	

3. DEPOSITS AND INVESTMENTS - Continued

3.B. Investments - Continued

Credit Risk - As of August 31, 2024 and 2023, the certificates of deposit (which represent approximately 1.33% and 1.50% of the restricted (endowment) portfolio) are covered 100% by federal deposit insurance. U.S. Agencies, mutual funds and equities (which represent approximately 98.67% and 98.50% of the restricted (endowment) portfolio), complete the investment portfolio.

Interest Rate Risk - The College's investment policy for endowments emphasizes long-term capital appreciation as a primary source of return with and current income as a supplementary source of gains. However, quality medium-to-long term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the College's endowment investment strategy.

3.C. Fair Value Measures

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

3. DEPOSITS AND INVESTMENTS - Continued

Unrestricted Funds

The following table sets forth by level, within the fair value hierarchy, the College's unrestricted assets at fair value as of August 31, 2024 and 2023:

Assets at fair value as of August 31, 2024

	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ 10,033,813	$ -	$ -	$ 10,033,813
Total assets at fair value	$ 10,033,813	$ -	$ -	$ 10,033,813

Assets at fair value as of August 31, 2023

	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ 9,992,360	$ -	$ -	$ 9,992,360
Total assets at fair value	$ 9,992,360	$ -	$ -	$ 9,992,360

Restricted (Non-Endowment) Funds

No investments held subject to the fair value hierarchy.

Restricted (Endowment) Funds

The following table sets forth by level, within the fair value hierarchy; the College's restricted (endowment) assets at fair value as of August 31, 2024 and 2023:

Assets at fair value as of August 31, 2024

	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ 1,237	$ -	$ -	$ 1,237
Mutual funds	2,539,860	-	-	2,539,860
Equities	4,786,632	-	-	4,786,632
Total assets at fair value	$ 7,327,729	$ -	$ -	$ 7,327,729

Assets at fair value as of August 31, 2023

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,491,839	$ -	$ -	$ 2,491,839
Equities	4,002,117	-	-	4,002,117
Total assets at fair value	$ 6,493,956	$ -	$ -	$ 6,493,956

4. CAPITAL ASSETS

4.A. Changes in Capital Assets

The following provides a summary of changes in capital assets and accumulated depreciation/amortization for the years ended August 31, 2024 and 2023:

August 31, 2024	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
Non-Depreciable/Amortizable Capital Assets:				
Land	$ 296,189	$ -	$ -	$ 296,189
Art	146,795	-	-	146,795
Construction in progress	7,900,477	6,192,164	(2,032,136)	12,060,505
Total non-depreciable/amortizable capital assets	8,343,461	6,192,164	(2,032,136)	12,503,489
Depreciable/Amortizable Capital Assets:				
Land improvements	12,034,311	47,477	-	12,081,788
Buildings	132,597,980	801,010	-	133,398,990
Furniture, machinery, vehicles and other equipment	7,454,644	1,140,518	(167,335)	8,427,827
Library books	2,225,469	70,399	(126,883)	2,168,985
Right to use lease assets	139,049	548,330	(139,049)	548,330
Subscription based IT assets	671,534	-	(71,154)	600,380
Telecommunication and peripheral equipment	7,086,424	2,239,262	(59,247)	9,266,439
Total depreciated capital assets	162,209,411	4,846,996	(563,668)	166,492,739
Accumulated Depreciation/Amortization:				
Land improvements	7,589,077	402,372	-	7,991,449
Buildings	47,311,642	3,219,727	-	50,531,369
Furniture, machinery, vehicles and other equipment	4,472,728	514,933	(167,335)	4,820,326
Library books	1,712,120	121,664	(126,883)	1,706,901
Right to use lease assets	123,256	98,249	(139,049)	82,456
Subscription based IT assets	168,322	279,451	(71,154)	376,619
Telecommunications and peripheral equipment	5,321,597	1,020,599	(59,247)	6,282,949
Total accumulated depreciation	66,698,742	5,656,995	(563,668)	71,792,069
Net depreciable/amortizable capital assets	95,510,669	(809,999)	-	94,700,670
Net capital assets	$ 103,854,130	$ 5,382,165	$ (2,032,136)	$ 107,204,159

The increase in accumulated depreciation/amortization for the year ended August 31, 2024 includes $ 5,656,995 of depreciation/amortization expense.

4. CAPITAL ASSETS - Continued

4.A. Changes in Capital Assets - Continued

August 31, 2023	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Non-Depreciable/Amortizable Capital Assets:				
Land	$ 296,189	$ -	$ -	$ 296,189
Art	146,795	-	-	146,795
Construction in progress	5,930,971	4,379,402	(2,409,896)	7,900,477
Total non-depreciable/amortizable capital assets	6,373,955	4,379,402	(2,409,896)	8,343,461
Depreciable/Amortizable Capital Assets:				
Land improvements	11,777,280	274,206	(17,175)	12,034,311
Buildings	130,937,910	2,539,927	(879,857)	132,597,980
Furniture, machinery, vehicles, and other equipment	7,264,771	657,027	(467,154)	7,454,644
Library books	3,084,196	70,005	(928,732)	2,225,469
Right to Use Lease Assets	139,049	-	-	139,049
Subscription based IT assets	-	671,534	-	671,534
Telecommunication and peripheral equipment	8,438,346	681,813	(2,033,735)	7,086,424
Total depreciated capital assets	161,641,552	4,894,512	(4,326,653)	162,209,411
Accumulated Depreciation/Amortization:				
Land improvements	7,202,718	394,079	(7,720)	7,589,077
Buildings	44,698,787	3,301,991	(689,136)	47,311,642
Furniture, machinery, vehicles and other equipment	4,466,920	466,957	(461,149)	4,472,728
Library books	2,515,669	125,183	(928,732)	1,712,120
Right to Use Lease Assets	104,079	19,177	-	123,256
Subscription based IT assets	-	168,322	-	168,322
Telecommunications and peripheral equipment	6,571,457	704,145	(1,954,005)	5,321,597
Total accumulated depreciation	65,559,630	5,179,854	(4,040,742)	66,698,742
Net depreciable/amortizable capital assets	96,081,922	(285,342)	(285,911)	95,510,669
Net capital assets	$ 102,455,877	$ 4,094,060	$ (2,695,807)	$ 103,854,130

See Note 2.H. for additional information regarding capital assets.

4. CAPITAL ASSETS - Continued

4.B. Depreciation/Amortization Expense

Depreciation/amortization expense has not been charged to functional categories. This does not comply with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments. However, the Texas Higher Education Coordinating Board guidelines contained in the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* does not require allocation of depreciation/amortization to functional categories. Since the College is reported as a special-purpose government engaged in business-type activities, this is not considered material to the financial statements.

4.C. Unexpended Plant Construction Commitments

The College has not entered into contracts for construction as of August 31, 2024 and 2023.

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt for the years ended August 31, 2024 and 2023:

August 31, 2024	Restated Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024	Current Portion
Limited tax bonds	$ 40,710,000	$ -	$ 2,765,000	$ 37,945,000	$ 2,905,000
Purchasing financing note	8,180,680	-	871,514	7,309,166	894,408
Lease liability	20,608	548,330	98,166	470,772	107,498
Subscription based IT liability	78,253	-	78,253	-	-
Premium on limited tax bonds	4,138,581	-	381,898	3,756,683	381,911
Compensated absences	416,495	126,405	92,323	450,577	90,000
Net pension liability	9,236,303	4,919,945	3,499,231	10,657,017	-
Net OPEB liability	21,217,577	1,753,713	2,811,698	20,159,592	563,892
Total long-term liabilities	$ 83,998,497	$ 7,348,393	$ 10,598,083	$ 80,748,807	$ 4,942,709

5. LONG-TERM LIABILITIES - Continued

August 31, 2023	Restated Balance September 1, 2022	Additions	Reductions	Restated Balance August 31, 2023	Current Portion
Revenue bonds	$ 935,000	$ -	$ 935,000	$ -	$ -
Limited tax bonds	43,340,000	-	2,630,000	40,710,000	2,765,000
Purchasing financing note	9,029,886	-	849,206	8,180,680	871,514
Lease liability	74,386	-	53,778	20,608	20,608
Subscription based IT liability	-	101,465	23,212	78,253	40,969
Premium on limited tax bonds	4,520,466	-	381,885	4,138,581	381,911
Compensated absences	430,347	65,777	79,629	416,495	90,000
Net pension liability	3,773,453	9,199,924	3,737,074	9,236,303	-
Net OPEB liability	23,902,764	4,620,995	7,306,182	21,217,577	551,612
Total long-term liabilities	$ 86,006,302	$ 13,988,161	$ 15,995,966	$ 83,998,497	$ 4,721,614

For the Year Ended August 31,	Limited Tax Refunding Bonds Series 2015 Principal	Limited Tax Refunding Bonds Series 2015 Interest	Limited Tax Refunding Bonds Series 2016 Principal	Limited Tax Refunding Bonds Series 2016 Interest
2025	$ -	$ 374,637	$ 2,905,000	$ 442,231
2026	-	374,637	2,345,000	310,981
2027	-	374,637	1,370,000	218,106
2028	295,000	368,369	1,165,000	160,556
2029	1,565,000	328,844	-	137,256
2030-2034	6,955,000	606,795	2,680,000	488,956
2035-2036	-	-	1,430,000	44,561
Total	$ 8,815,000	$ 2,427,919	$ 11,895,000	$ 1,802,647

For the Year Ended August 31,	Limited Tax Refunding Bonds Series 2017 Principal	Limited Tax Refunding Bonds Series 2017 Interest	Limited Tax Refunding Bonds Series 2020 Principal	Limited Tax Refunding Bonds Series 2020 Interest
2025	$ -	$ 360,600	$ -	$ 246,600
2026	-	360,600	670,000	236,550
2027	1,270,000	335,200	510,000	218,850
2028	1,320,000	283,400	525,000	203,325
2029	985,000	237,300	930,000	181,500
2030-2034	3,455,000	819,500	4,310,000	433,350
2035-2036	1,985,000	80,300	1,275,000	38,625
Total	$ 9,015,000	$ 2,476,900	$ 8,220,000	$ 1,558,800

5. LONG-TERM LIABILITIES - Continued

For the Year Ended August 31,	Total General Obligation Bonds Principal	Interest
2025	$ 2,905,000	$ 1,424,068
2026	3,015,000	1,282,768
2027	3,150,000	1,146,793
2028	3,305,000	1,015,650
2029	3,480,000	884,900
2030-2034	17,400,000	2,348,601
2035-2036	4,690,000	163,486
Total	$ 37,945,000	$ 8,266,266

6. BONDS PAYABLE

General information related to bonds payable is summarized below:

6.A. Limited Tax Refunding Bonds, Series 2015

- To advance refund $ 8,945,000 in Limited Tax Bonds, Series 2008.
- Issue date was December 15, 2015.
- Original amount of issue: amount authorized $ 8,890,000.
- Limited Tax Refunding Bond Issue was approved by the Board of Regents of the Brazosport College District. Property taxes will pay the debt.
- Balance as of August 31, 2024 and 2023 was $ 8,815,000 and $ 8,815,000.

6.B. Limited Tax Refunding Bonds, Series 2016

- To advance refund $ 11,795,000 in Limited Tax Bonds, Series 2008, $ 9,280,000 in Limited Tax Bonds, Series 2010, and $ 1,935,000 in Limited Tax Bonds, Series 2011.
- Issue date was May 10, 2016.
- Original amount of issue: amount authorized $ 21,955,000.
- Limited Tax Refunding Bond Issue was approved by the Board of Regents of the Brazosport College District. Property taxes will pay the debt.
- Balance as of August 31, 2024 and 2023 was $ 11,895,000 and $ 14,660,000.

6.C. Limited Tax Refunding Bonds, Series 2017

- To advance refund $ 9,135,000 in Limited Tax Bonds, Series 2017, $ 9,280 in Limited Tax Bonds, Series 2010.
- Issue date was April 17, 2017.
- Original amount of issue: amount authorized $ 9,015,000.
- Limited Tax Refunding Bond Issue was approved by the Board of Regents of the Brazosport College District. Property taxes will pay the debt.
- Balance as of August 31, 2024 and 2023 was $ 9,015,000 and $ 9,015,000.

6. BONDS PAYABLE - Continued

6.D. Limited Tax Refunding Bonds, Series 2020

- To advance refund $ 7,035,000 in Limited Tax Bonds, Series 2011, $ 2,740,000 in Limited Tax Bonds, Series 2010.
- Issue date was October 15, 2020.
- Original amount of issue: amount authorized $ 8,840,000.
- Balance as of August 31, 2024 and 2023 was $ 8,220,000 and $ 8,220,000.

Bonds (principal and interest) payable are due in annual installments varying from $ 2,422,106 to $ 4,364,900 with interest rates from 3.00% to 5.00% with the final installment due in 2036.

6.E. PURCHASE FINANCING NOTE

On April 22, 2016, the College entered into an agreement for the purpose of constructing energy conservation measures such as lighting retrofits/upgrades; controls upgrades; central plant upgrades, L-Wing piping & Dow heat recovery; AHU replacement; solar window film; and power factor correction at various campus locations. This agreement was for $ 9,738,652 with an interest rate of 2.485% and calls for semi-annual payments that range from $ 166,618 to $ 539,685 beginning on April 22, 2017 and ending on October 22, 2031.

The following represents the minimum lease payments required under the agreement at August 31, 2024 and 2023:

For the Year Ended August 31,	2024	2023
2024	$ -	$ 1,079,370
2025	1,079,370	1,079,370
2026	1,079,370	1,079,370
2027	1,079,370	1,079,370
2028	1,079,370	1,079,370
2029	1,079,370	1,079,370
2030-2032	2,698,425	2,698,425
	8,095,275	9,174,645
Less: Amount representing Interest	786,109	993,965
Total	$ 7,309,166	$ 8,180,680

7. REFUNDING COSTS

The cost of refunding is the difference in the amount placed in escrow for the refunding of debt less the debt being refunded (debt principal, related net premium, and related accrued interest). This amount is reported a deferred outflow of resources and amortized over the life of the new or old bonds, whichever is shorter.

The Limited Tax Refunding Bonds - Series 2020 resulted in a $ 175,384 refunding cost. At August 31, 2024 and 2023, the net refunding cost was $ 131,170 and $ 142,615. These refunding costs will be fully amortized on February 15, 2036.

8. LEASES

The District currently has 3 copier lease agreements which are monthly leases which are all sixty month lease agreements. The lease agreements are at different stages of the agreements as of August 31, 2024. There are no renewal options in the lease agreements and the District will not purchase the copiers at the end of the lease term. An initial lease liability was recorded in the amount of $ 548,330 using discount rates ranging from 2.312% to 3.511% during the current fiscal year. As of August 31, 2024 and 2023 the right to use assets was valued at $ 548,330 and 139,049, and had accumulated amortization of $ 82,456 and $ 123,256, respectively.

Presented below is a summary of the future lease amortization to maturity for the years ended August 31, 2024 and 2023:

Year Ended August 31, 2024	Principal	Interest	Total Requirement
2025	$ 107,498	$ 12,265	$ 119,763
2026	110,654	9,109	119,763
2027	113,907	5,856	119,763
2028	107,750	2,568	110,318
2029	30,963	162	31,125
Totals	$ 470,772	$ 29,960	$ 500,732

Year Ended August 31, 2023	Principal	Interest	Total Requirement
2024	$ 20,608	$ 618	$ 21,226
Totals	$ 20,608	$ 618	$ 21,226

9. SHORT-TERM DEBT

The College had and incurred no short-term debt at and for the years ended August 31, 2024 and 2023.

10. EMPLOYEE RETIREMENT AND OPEB PLANS

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System

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

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

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

Benefits Provided
TRS 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 under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - Continued

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

<u>Contribution Rates</u>

	2024	2023
Member	8.25%	8.00%
Non-Employer Contributing Entity (State)	8.25%	8.00%
Employers	8.25%	8.00%

Employer # 1788 - 2024 Employer Contributions	$ 1,583,276
Employer # 1788 - 2024 Member Contributions	$ 1,587,523
Employer # 1788 - 2024 NECE On-behalf Contributions	$ 767,482

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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - Continued

Contributions - Continued

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

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

Actuarial Assumptions
The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2020	4.13%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate
A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - Continued

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 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%	4.00%	1.00%
Non-U.S. Developed	13%	4.50%	0.90%
Emerging Markets	9%	4.80%	0.70%
Private Equity*	14%	7.00%	1.50%
Stable Value:			
Government Bonds	16%	2.50%	0.50%
Absolute Return*	0%	3.60%	0.00%
Stable Value Hedge Funds	5%	4.10%	0.20%
Real Return:			
Real Estate	15%	4.90%	1.10%
Energy, Natural Resources and Infrastructure	6%	4.80%	0.40%
Commodities	0%	4.40%	0.00%
Risk Parity:			
Risk Parity	8%	4.50%	0.40%
Leverage:			
Cash	2%	3.70%	0.00%
Asset Allocation Leverage	-6%	4.40%	-0.01%
Inflation Expectation	-		2.30%
Volatility Drag****	-		-0.90%
Total	100%		8.09%

** Absolute Return includes Credit Sensitive Investments.*
*** Target allocations are based on the FY2023 policy model.*
**** Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023).*
***** The volatility drag results from the conversion between arithmetic and geometric mean returns.*

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - Continued

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 (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the Net pension liability	$ 15,932,831	$ 10,657,017	$ 6,270,175

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

On August 31, 2023, the District reported a liability of $ 8,203,770 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	$ 10,657,017
State's proportionate share that is associated with the District	8,203,770
Total	$ 18,860,787

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2022 thru August 31, 2023.

On August 31, 2023, the employer's proportion of the collective net pension liability was 0.0155145766% which was a decrease of 0.0000432856% from its proportion measured as of August 31, 2022.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - Continued

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

The amount of pension expense recognized by the District in the reporting period was $ 1,912,885.

For the year ended August 31, 2024, the District recognized pension expense of $ 1,238,698 and revenue of $ 613,905 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 379,713	$ 129,045
Changes in actuarial assumptions	1,007,945	246,667
Net difference between projected and actual investment earnings	1,550,855	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	285,080	67,236
Contributions paid to TRS subsequent to the measurement date of the net pension liability	1,583,276	-
Total	$ 4,806,869	$ 442,948

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.A. DEFINED BENEFIT PENSION PLAN - Teacher Retirement System - 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:

Measurement Year Ended August 31,	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	$ 612,413	$ 2,168,232
2026	385,545	1,782,687
2027	1,332,426	450,261
2028	413,165	37,096
2029	37,096	-

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS)

Plan Description

The College participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community college, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report (ACFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov; or by writing to ERS at 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

Contributions
Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and Its consulting actuary, The contribution rates are determined based on (i) the benefit and administrative costs expected to be Incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature In connection with benefits provided through the GBP**.** The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year, 2023

Retiree only	$ 624.82
Retiree and spouse	1,340.82
Retiree and children	1,104.22
Retiree and family	1,820.22

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source
Group benefits Program Plan
For the Years Ended August 31, 2024 and 2023

	2024	2023
Employers	$ 1,002,552	$ 1,750,185
Members (Employees)	472,443	863,839
Nonemployer Contributing Entity (State of Texas)	1,711,404	1,470,792

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset Valuation Method	N/A
Discount Rate	3.81%
Projected Annual Salary Increases (includes inflation)	2.30% to 8.95%, including inflation
Healthcare Cost Trend Rates	
HealthSelect	5.60% for FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis point per year to an ultimate rate of 4.30% for FY2032 and later years
HealthSelect Medicare Advantage	16.40% for FY2025,8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029. Decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
Pharmacy	10.00% for FY 2025, 10.00% for FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY 2032 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

Actuarial Assumptions
ERS Group Benefits Program Plan

Mortality Assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disability retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex District Pub-2010 Amount weighted below median income teacher mortality with a 2 year set forward for males with ultimate MP-2021 Projection Scale from the Year 2010

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2021.

Investment Policy
The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees amended the investment policy in August 2023 to require that all funds in the plan be invested in cash and cash equivalent securities. The expected rate of return on these investments is currently 4.1% in a line with the prevailing returns on 90-day U.S. Treasury bills.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

Discount Rate

Because the GBP does not accumulate funds In advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.59%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.81%, which amounted to an increase of 0.22%, The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality Is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows Into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments ID which the long-term expected rate of return is applicable is zero years.

Discount Rate sensitivity Analysis. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 3.81% in measuring the net OPEB liability.

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
College's proportionate share of the net OPEB liability	$ 23,392,310	$ 20,159,592	$ 17,559,433

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30% for all. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 5.60% in measuring the net OPEB liability.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

Sensitivity of Net OPEB Liability to Change sin Discount and Healthcare Trend Rates - State Retiree Health Plan

	1% Decrease (HealthSelect; 4.60% decreasing to 3.30%; HealthSelect Medicare Advantage: 15.40% to 3.30%: Pharmacy: 9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 16.40% to 4.30%; Pharmacy: 10.00% decreasing to 4.30%)	1% Increase (HealthSelect: 6.60% decreasing to 5.30%; HealthSelect Medicare Advantage: 17.40% to 5.30% Pharmacy: 11.00% decreasing to 5.30%
College's proportionate share Of the Net OPEB Liability	$ 17,340,051	$ 20,159,592	$ 23,740,423

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

At August 31, 2024, the College reported a liability of $ 20,159,592 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College 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 College were as follows:

College's Proportionate share of the collective net OPEB liability	$ 20,159,592
State's proportionate share that is associated with College	13,176,948
Total	$ 33,336,540

The net OPEB liability was measured as of August 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023, through August 31, 2024.

At the measurement date of August 31, 2023, the College's proportion of the collective net OPEB liability was 0.0754546%, an increase of 0.0009728% over the proportion measured as of August 31, 2022, which was 0.0744817%.

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

For the year ended August 31, 2024, the College recognized revenue of $ 391,051 related to its proportionate share of support provided by the State. For the year ended August 31, 2023, the College recognized a reduction in revenue of $ -0- for support provided by the state.

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increase in the fee has been updated to reflect the most recent available information.
- The discount rate has changed from 3.59% to 3.81% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax exempt general obligation bonds rates AA/Aa (or equivalent) or higher in effect on the measurement date.

Benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY 2024, are provided for in the FY 2024 Assumed Per Capital Health Benefit Costs.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 533,232
Changes in assumptions	672,502	6,296,109
Net difference between projected and actual investment return	1,629	-
Effect on change in proportion and contribution difference	2,436,285	447
Contributions subsequent to the measurement date	353,448	-
Total	$ 3,463,864	$ 6,829,788

10. EMPLOYEE RETIREMENT AND OPEB PLANS - Continued

10.B. Other Post-Employment Benefits (OPEB) - Employees Retirement System of Texas (ERS) - Continued

The net amounts of the employer's balances of deferred outflows and inflows of resources related to Other Post-Employment Benefits (OPEB) will be recognized in OPEB expense as follows:

Year Ended August 31,	OPEB Expense Amount
2025	$ (837,198)
2026	(953,884)
2027	(975,646)
2028	(778,723)
2029	(173,922)

10.C. Optional Retirement System

Brazosport College District's full-time employees and administrators as defined in accordance with Texas Civil Statutes, Title 110B, Section 31.001, Subdivision (8), Revised Statutes, as amended are eligible to participate in the Optional Retirement Program (ORP). By statute, the State of Texas contributes to the retirement program an amount equal to the current authorized rates times the aggregate annual compensation of all members of the retirement program during that fiscal year. Member benefits in the ORP vest after one year of participation in one or more optional retirement plans operating in one or more institutions of higher education in Texas.

The State of Texas contribution rate is 3.30% for fiscal year 2022-2023 and 2023-2024 with a 0.78% supplement for 2022-2023 and 2023-2024 for those participating on August 31, 1995 or before which is paid by the College. Member contribution rate is 6.65% for fiscal years 2022-2023 and 2023-2024. These rates are set by state statutes. The contribution requirement of the fiscal years ended August 31, 2024 and 2023 for the College was $ 605,374 and $ 618,292, which consisted of $ 146,979 and $ 148,665 from the state, $ 162,653 and $ 166,829 from the College, and $ 295,742 and $ 302,798 from the employees, and, $ -0- and $ -0- from grantors, respectively. The College's total payroll for the years ended August 31, 2024 and 2023 was $ 28,005,599 and $ 26,472,357 of which $ 4,460,344 and $ 4,508,841 was covered payroll for this plan, respectively.

10.D. Teachers Insurance Annuity Association/College Retirement Equities Fund

The College's part-time employees are eligible to participate in the Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF). The member contribution rate was 6% for fiscal years 2022-2023, and 2023-2024. The College's contribution rate was 1.5% for the same period. The contribution requirement of the fiscal years ended August 31, 2024 and 2023 was $ 49,400 and $ 48,650 from the College and $ 246,997 and $ 194,597 from the employees, respectively. The College's total payroll for the years ended August 31, 2024 and 2023 was $ 28,005,599 and $ 26,472,351 of which $ 3,294,313 and $ 3,242,576 was covered payroll for this plan, respectively.

11. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

As of August 31, 2024 and 2023, the College has 50 and 50 employees participating in the program, 50 and 50 employees were vested as of August 31, 2024 and 2023. A total of $ 418,842 and $ 418,842 in contributions were deferred by employees during the fiscal year ended August 31, 2024 and 2023 creating a payable to the vested employees of zero. The College is not custodian for this plan and therefore does not administrate any type of plan where it would have any records on employee contributions. The College withholds the amount requested by the various employees and then immediately remits it to the broker selected by each employee. Since these are individual annuity contracts, the College has no additional or unfunded liability for this program and has no contractual liability.

12. COMPENSATED ABSENCES

Full time employees of the College earn annual leave from 12 to 20 days each year depending upon the number of years employed with the College; however, in no case shall annual leave accrue in units other than one-half day or full days. Individuals employed after March 1, shall not receive credit for a year of service under this policy. Employees may accrue to a maximum of fifteen days of leave from prior years with the approval of the College president. At August 31, 2024 and 2023 the accrued liability for unpaid leave totaled $ 450,577 and $ 416,495, of which $ 90,000 and $ 90,000, respectively is classified as a current liability.

Under the College's sick leave policy, full-time and part-time (regularly employed on 50% or more basis) employed personnel, incapable of performing duties, shall be allowed up to ninety working days disability leave (sick leave) without loss of pay during any academic year or for any continuous absence for an accident or illness in which the ninety days includes days in two academic years. No leave under this policy shall accrue from one year to another; therefore, no accrual of liability exists at August 31, 2024 and 2023.

13. PENDING LAWSUITS AND CLAIMS

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College maintains commercial insurance for these types of risks. There have been no significant changes in insurance coverage, and one settlement exceeded insurance coverage by $ 166,269 for the year ended August 31, 2024 and $112,000 for 2023.

The College is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the College at August 31, 2024 and 2023.

14. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE; ACCOUNTS AND ACCRUED LIABILITIES; UNCOLLECTIBLE ACCOUNTS; UNEARNED REVENUES; DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

14.A. Accounts and Notes Receivables

Receivables at August 31, 2024 and 2023 were as follows:

	2024	2023
Current Receivables:		
Taxes receivable	$ 599,414	$ 422,723
Accounts receivable	3,386,077	984,552
Interest receivable	146,844	133,003
Subtotal	4,132,335	1,540,278
Allowance for doubtful accounts	(726,004)	(566,609)
Net current receivables	3,406,331	973,669
Restricted Assets:		
Taxes receivable	92,537	70,339
Grants receivable	543,340	1,038,922
Subtotal	635,877	1,109,261
Allowance for doubtful accounts	(37,779)	(38,969)
Total restricted receivables	598,098	1,070,292
Total receivables	$ 4,004,429	$ 2,043,961

14. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE; ACCOUNTS AND ACCRUED LIABILITIES; UNCOLLECTIBLE ACCOUNTS; UNEARNED REVENUES; DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - Continued

14.B. Accounts and Accrued Liabilities

Payables at August 31, 2024 and 2023 were as follows:

	2024	2023
Current Liabilities:		
Vendors payable	$ 1,328,907	$ 760,870
Salaries and benefits payable	420,832	502,745
Accrued interest payable	65,189	72,962
Total current liabilities	1,814,928	1,336,577
Liabilities Payable from Restricted Assets:		
Vendors payable	1,066,924	432,562
Salaries and benefits payable	31,835	36,450
Accrued interest	65,609	71,669
Due to other government	2,752	7,054
Total liabilities payable from restricted assets	1,167,120	547,735
Total payables	$ 2,982,048	$ 1,884,312

14.C. Uncollectible Accounts

Taxes

Ad valorem taxes receivable are reserved based upon historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The allowance for uncollectible taxes as of August 31, 2024 and 2023 was $ 282,497 and $ 273,162, respectively.

Customer Receivables

The allowance for uncollectible receivables related to College services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The allowance for uncollectible accounts as of August 31, 2024 and 2023 was $ 481,286 and $ 332,416, respectively.

Tuition and Fees Receivable

The allowance for uncollectible receivables related to College services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The College considers tuition and fees receivable to be fully collectible as of August 31, 2024 and 2023; accordingly no allowance for uncollectible accounts is required.

Notes Receivable - Student Loans

The allowance for uncollectible student loans is determined based on historical experience and evaluation of collectivity in relation to the aging of notes outstanding. At August 31, 2024 and 2023, no allowance was established. During the years ended August 31, 2024 and 2023, there were no write-offs of student loans.

14. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE; ACCOUNTS AND ACCRUED LIABILITIES; UNCOLLECTIBLE ACCOUNTS; UNEARNED REVENUES; DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - Continued

14.D. Unearned Revenues

Current Unrestricted Fund revenues, consisting of tuition and fees related to academic terms in the next fiscal year, are recorded on the balance sheet as unearned revenue at August 31, 2024 and 2023. Of these amounts only the tuition and fees, and clarion tickets were collected prior to August 31, 2024 and 2023. These amounts are as follows:

	2024	2023
Current Liabilities:		
Tuition and fees	$ 3,421,145	$ 1,193,974
Liabilities Payable from Restricted Assets:		
State and local grants	472,729	516,079
Totals	$ 3,893,874	$ 1,710,053

14.E. Deferred Inflows and Outflows of Resources (Net of Amortization)

Business-Type Activities

Business-type activities defer the recognition of pension and OPEB expense for contributions made from the measurement date (August 31, 2023) to the current year-end of August 31, 2024 and report these as deferred outflows of resources. Business-Type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources.

As of August 31, 2024 and 2023, the various components of deferred inflows and outflows of resources reported in the business-type activities were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
August 31, 2024		
TRS Pension Deferred Outflows and Inflows:		
Differences between expected and actual experience	$ 379,713	$ 129,045
Changes in assumptions	1,007,945	246,667
Differences between projected and actual investment earnings	1,550,855	-
Changes in proportion and employer contributions and proportionate share of contributions	285,080	67,236
Pension contributions subsequent to the measurement date	1,583,276	-
OPEB Deferred Outflows and Inflows:		
Differences between expected and actual experience	-	533,232
Differences between projected and actual investment earnings	1,629	-
Changes in assumptions	672,502	6,296,109
Changes in proportion and employer contributions and proportionate share of contributions	2,436,285	447
OPEB contributions subsequent to the measurement date	353,448	-
Bond refunding costs - net of amortization	131,170	-
Totals	$ 8,401,903	$ 7,272,736

14. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE; ACCOUNTS AND ACCRUED LIABILITIES; UNCOLLECTIBLE ACCOUNTS; UNEARNED REVENUES; DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - Continued

14.E. Deferred Inflows and Outflows of Resources (Net of Amortization) - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
August 31, 2023 - Restated		
TRS Pension Deferred Outflows and Inflows:		
Differences between expected and actual experience	$ 133,926	$ 201,369
Changes in assumptions	1,721,024	428,927
Differences between projected and actual investment earnings	912,517	-
Changes in proportion and employer contributions and proportionate share of contributions	411,338	73,179
Pension contributions subsequent to the measurement date	1,414,532	-
OPEB Deferred Outflows and Inflows:		
Differences between expected and actual experience	-	669,440
Differences between projected and actual investment earnings	3,660	-
Changes in assumptions	1,246,617	6,558,555
Changes in proportion and employer contributions and proportionate share of contributions	4,445,789	1,341
OPEB contributions subsequent to the measurement date	348,506	-
Bond refunding costs - net of amortization	142,615	-
Totals	$ 10,780,524	$ 7,932,811

15. OPERATING AGREEMENT REVENUES

Brazosport College District has entered into facility operating agreements as follows:

1. Beginning April 18, 2003 the College entered into an agreement with Texas Book Company to operate the bookstore for 8.5% of gross sales up to $ 2,000,000, plus 10% of gross sales over $ 2,000,000, but not less than $ 100,000 annually. The College provides utilities, furniture and equipment, and maintenance of facilities while the Texas Book Company provides maintenance of furniture and equipment and specified insurance coverage. On August 21, 2006, the College approved modifications to the existing agreement, which calls for the Texas Book Company to commit up to $ 90,000 for bookstore renovations and to provide a $ 10,000 contribution to the College. The agreement was for seven years from May 1, 2007 to April 30, 2014. Effective November 1, 2012, the College renewed the agreement through October 31, 2017 and again effective November 1, 2017 the College renewed the agreement through October 31, 2022. Effective November 1, 2021, the College renewed the agreement through October 31, 2026. Upon completion of the renewal term, the agreement shall automatically self-renew for five years under the same provisions. The College received $ 42,675 and $ 27,111 in revenue for the years ended August 31, 2024 and 2023, respectively.

15. OPERATING AGREEMENT REVENUES - Continued

2. On May 23, 2012, the College entered into an agreement with Tommy's to operate the cafeteria for 6% of net sales (gross sales less sales taxes), but not less than $ 400 monthly. If not paid by the due date, the amount due will increase to 6%. The College provides utilities, specified furniture and equipment, and maintenance of facilities and Tommy's provides maintenance of furniture and equipment, specified insurance coverage, inventory and business licenses and permits. Tommy's agrees to comply with all applicable laws. The agreement began on January 20, 1999 and was renewed several times. The most recent amendment, which was on September 1, 2019, makes the agreement effective until August 31, 2024. The College received $ 33,420 and $ 29,883 of income on this contract for the years ended August 31, 2024 and 2023, respectively.

16. CONTRACTS AND GRANTS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 as federal grants and contracts (operating revenue) and Title IV federal grants (non-operating revenues). For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards already committed, e.g., multi-year awards, or funds awarded during fiscal years ending August 31, 2024 and 2023 for which monies have not been received totaled zero.

17. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee varied based upon coverage category. Monthly contribution amounts for the year ended August 31, 2024 were $ 624.82 for "Employee Only" coverage, $ 982.82 for "Employee and Spouse" coverage, $ 864.52 for "Employee and Children" coverage, and $ 1,222.52 for "Employee and Family" coverage. The cost of providing those benefits for 118 retirees was $ 534,142 and for 312 active employees was $ 2,436,011. For the year ended August 31, 2024 the state contribution was limited to $ 1,711,192.

Monthly contribution amounts for the year ended August 31, 2023 were $ 624.82 for "Employee Only" coverage, $ 982.82 for "Employee and Spouse" coverage, $ 864.52 for "Employee and Children" coverage, and $ 1,222.52 for "Employee and Family" coverage. The cost of providing those benefits for 210 retirees was $ 541,194 and for 331 active employees was $ 1,732,192. For the year ended August 31, 2023 the state contribution was limited to $ 1,470,792.

18. ON-BEHALF PAYMENTS

The State of Texas provided on-behalf payments for the following benefits for the years ended August 31, 2024 and 2023

	2024	2023
Teacher Retirement System	$ 767,482	$ 616,845
Optional Retirement Program (ORP)	146,979	148,665
Postretirement health care and life insurance benefits	1,711,404	1,470,792
Total	$ 2,625,865	$ 2,236,302

19. PROPERTY TAXES

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College.

	2024	2023
Assessed Valuation of the College	$27,250,020,452	$25,915,253,800
Less: Abatements	(9,629,447,000)	(10,086,644,640)
Less: Exemptions	(4,515,683,560)	(3,884,796,060)
Net assessed valuation of the College	$13,104,889,892	$11,943,813,100

	2024		
	Current Operations	Debt Service	Total
Authorized Tax Rate per $ 100 valuation (Maximum per enabling legislation)	$ 0.350000	$ 0.500000	$ 0.850000
Assessed Tax Rate per $ 100 valuation	$ 0.232206	$ 0.032625	$ 0.264831

	2023		
	Current Operations	Debt Service	Total
Authorized Tax Rate per $ 100 valuation (Maximum per enabling legislation)	$ 0.350000	$ 0.500000	$ 0.850000
Assessed Tax Rate per $ 100 valuation	$ 0.250330	$ 0.035565	$ 0.285895.

Taxes levied for the years ended August 31, 2024 and 2023 were $ 34,716,255 and $ 34,380,859 (which includes any penalty and interest assessed if applicable). 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.

19. PROPERTY TAXES - Continued

The following is a summary of tax collections for the years ended August 31, 2024 and 2023:

August 31, 2024

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	$ 30,073,110	$ 4,225,275	$ 34,298,385
Delinquent taxes collected	314,078	18,928	333,006
Penalties and interest collected	158,078	22,235	180,313
Total collections	30,545,266	4,266,438	34,811,704
Net collections	$ 30,545,266	$ 4,266,438	$ 34,811,704

August 31, 2023

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	$ 29,879,598	$ 4,244,862	$ 34,124,460
Delinquent taxes collected	186,469	20,019	206,488
Penalties and interest collected	155,407	23,515	178,922
Total collections	30,221,474	4,288,396	34,509,870
Net collections	$ 30,221,474	$ 4,288,396	$ 34,509,870

Tax collections for the years ended August 31, 2024 and 2023 were 98.79% and 99.25% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations.

20. INCOME TAXES

The College is exempt from income taxes under internal Revenue Code Section 115. Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The college had no unrelated business income tax liability for the year ended August 31, 2024 and 2023.

21. COMPONENT UNITS

Brazosport College Foundation - Discrete Component Unit

Brazosport College Foundation (the Foundation) was established as a separate nonprofit organization on November 22, 1995, to raise funds to provide student scholarships, building projects and support other projects of the College. The Governmental Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34", an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of government unit.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of the Brazosport College Foundation can be obtained from the Vice President, Financial Services & CFO, Brazosport College District, 500 College Drive, Lake Jackson, Texas 77566.

22. RELATED PARTIES

The College has no related parties except the Brazosport College Foundation which is mentioned as a Component Unit in Note 21.

23. EVALUATION OF SUBSEQUENT EVENTS

The management of the College has evaluated subsequent events through December 4, 2024, the date which the financial statements were available to be issued.

24. TAX ABATEMENTS

The College enters into property tax abatement agreements with local businesses. The abatement agreements, which were approved by the College's Board of Regents, call for a partial or full abatement of property taxes for a range of from five to ten years. The agreements call for a minimal annual fee to be paid during the years of active abatement. The College has the following tax abatement agreements in place which span a total of thirteen (13) entities, as follows:

24. TAX ABATEMENTS - Continued

Purpose	Percentage of Taxes Abated during Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Manufacturing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2014	100%	$ 2,674,793
Gas processing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2015	100%	3,707,634
Manufacturing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2015	100%	1,641,952
Gas processing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2016	100%	3,972,465
Gas processing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2016	100%	2,913,141
Manufacturing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2018	100%	1,835,279
Gas processing facility to be constructed and operated; Seven (7) year abatement, start date January 1, 2019	100%	203,226
Manufacturing facility to be constructed and operated; Seven (7) year abatement, start date January 1, 2019	100%	30,456
Manufacturing facility to be constructed and operated; Ten (10) year abatement, start date January 1, 2019	100%	1,592,958
Manufacturing facility to be constructed and operated: Seven (7) year abatement, start date January 1, 2021	100%	1,443,379
Manufacturing facility to be constructed and operated: Seven (7) year abatement, start date January 1, 2022	100%	264,831
Manufacturing facility to be constructed and operated: Seven (7) year abatement, start date January 1, 2022	100%	78,125
Manufacturing facility to be constructed and operated: Seven (7) year abatement, start date January 1, 2023	100%	32,210

25. RESTATEMENT OF NET POSITION

During the current fiscal year, the College restated net position to correct errors in the calculation of the net OPEB liability. As a result, the beginning net position of the College has been restated as follows:

	2023	2022
Beginning net position, as originally presented	$ 54,259,117	$ 49,134,614
Change in deferred outflows of resources	(442,753)	(1,814,548)
Change in net OPEB liability	2,685,187	(2,229,173)
Change in deferred inflows of resources	(3,978,555)	2,269,787
Change in reported expenses	(3,467,336)	(2,047,998)
Beginning net position, as restated	$ 49,055,660	$ 45,312,682

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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Orrick, Herrington & Sutcliffe LLP
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June __, 2025

We have acted as bond counsel to the Brazosport College District (the "District") in connection with the issuance of $___________ aggregate principal amount of maintenance tax notes designated as "Brazosport College District Maintenance Tax Notes, Series 2025" (the "Notes"). The Notes are authorized by an order adopted by the Board of Regents of the District (the "Board") on May 19, 2025 authorizing the issuance of the Notes (the "Order"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

In such connection, we have reviewed the Order, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the District.

2. The Board has power and is obligated to levy an annual ad valorem tax, within the legal limits prescribed by law, upon taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Notes.

3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. We observe that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

ORRICK, HERRINGTON & SUTCLIFFE LLP

Financial Advisory Services
Provided By

ESTRADA HINOJOSA
INVESTMENT BANKERS