

**BREMOND INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

(This page intentionally left blank.)

Bremond Independent School District
Annual Financial Report
For The Year Ended August 31, 2020

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditors' Report.....	5	
Management's Discussion and Analysis (Required Supplementary Information).....	11	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	19	A-1
Statement of Activities.....	21	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	22	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	25	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	26	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	29	C-3
Statement of Net Position - Internal Service Fund.....	31	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	33	D-2
Statement of Cash Flows - Internal Service Fund.....	35	D-3
Statement of Fiduciary Net Position - Fiduciary Fund.....	37	E-1
Notes to the Financial Statements	39	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	64	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas (TRS).....	66	G-2
Schedule of District's Contributions - Teacher Retirement System Of Texas (TRS).....	68	G-3
Schedule of the District Proportionate Share of the Net OPEB Liability - Texas		
Public School Retired Employees Group Insurance Program - (TRS-Care).....	71	G-4
Schedule of District Contributions - Texas Public School Retired Employees		
Group Insurance Program - (TRS-Care).....	73	G-5
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - Nonmajor Governmental Funds.....	77	H-1
Combining Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Nonmajor Governmental Funds.....	79	H-2

Bremond Independent School District
Annual Financial Report
For The Year Ended August 31, 2020

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	80	H-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	82	H-4
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	86	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Programs.....	89	J-2
Debt Service Fund.....	91	J-3
 OTHER COMPLIANCE SECTION		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	95	
Schedule of Findings and Questioned Costs	97	
Summary Schedule of Prior Audit Findings.....	99	
Schedule of Required Responses to Selected School First Indicators.....	101	L-1

Introductory Section

(This page intentionally left blank.)

CERTIFICATE OF BOARD

Bremond Independent School District
Name of School District

Robertson
County

198-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the 14 day of DECEMBER, 2020

Nikki Screws
Signature of Board Secretary

Sandy Janourli
Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

(This page intentionally left blank.)

Financial Section

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Bremond Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bremond Independent School District (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the

results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 7, 2020

(This page intentionally left blank.)

Management Discussion & Analysis (MD&A)

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

This discussion and analysis of Bremond Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2020. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined deficit net position at August 31, 2020 was a deficit \$230,268.
- For the fiscal year ended August 31, 2020, the District's general fund reported a total fund balance of \$1,134,532, of which \$800,000 is committed and \$334,532 is unassigned. The national school breakfast/lunch program reported a total fund balance of \$2,634, all of which is restricted. The debt service fund reported a total fund balance of \$788,480, all of which is restricted.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$1,969,761.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements provide information about services provided to parties inside the District. The proprietary funds include the internal service fund (the District's insurance fund).
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position.

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

The government-wide financial statements of the District include the *governmental activities*. Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes,

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

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

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined deficit net position was \$230,268 at August 31, 2020. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2020. Within *Table 2*, the District reports a decrease of \$711,124 in net position from the prior year.

Table 1
Net Position

Description	Governmental Activities		Total Change
	2020	2019	2020-2019
Current assets	\$ 3,091,821	\$ 2,974,483	\$ 117,338
Capital assets	10,261,867	11,214,753	(952,886)
Total Assets	13,353,688	14,189,236	(835,548)
Deferred charge on refunding	429,726	460,421	(30,695)
Deferred outflows related to pensions	722,807	871,040	(148,233)
Deferred outflows related to OPEB	270,507	196,366	74,141
Total Deferred Outflows of Resources	1,423,040	1,527,827	(104,787)
Current liabilities	793,829	336,902	456,927
Long-term liabilities	12,809,507	13,852,252	(1,042,745)
Total Liabilities	13,603,336	14,189,154	(585,818)
Deferred inflows related to pensions	267,066	124,273	142,793
Deferred inflows related to OPEB	1,136,594	922,780	213,814
Total Deferred Inflows of Resources	1,403,660	1,047,053	356,607
Net Position:			
Net investment in capital assets	1,451,964	1,692,700	(240,736)
Restricted for:			
Debt service	788,480	843,935	(55,455)
Federal/State programs	20,877	-	20,877
Other restrictions	-	18,988	(18,988)
Unrestricted	(2,491,589)	(2,074,767)	(416,822)
Total Net Position	\$ (230,268)	\$ 480,856	\$ (711,124)

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2020	2019	2020-2019
Revenues			
Program revenues:			
Charges for services	\$ 188,039	\$ 155,103	\$ 32,936
Operating grants and contributions	1,120,826	823,158	297,668
General revenues:			
Property taxes	3,583,394	3,703,454	(120,060)
Grant and contributions not restricted	2,706,563	1,345,097	1,361,466
Investment earnings	51,016	82,132	(31,116)
Miscellaneous	8,895	47,823	(38,928)
Total Revenue	<u>7,658,733</u>	<u>6,156,767</u>	<u>1,501,966</u>
Expenses			
Instruction	4,499,854	3,355,503	1,144,351
Instructional resources and media services	28,101	28,524	(423)
Curriculum and staff development	43,434	34,373	9,061
School leadership	433,905	390,472	43,433
Guidance, counseling, and evaluation services	90,850	95,894	(5,044)
Health services	93,771	82,437	11,334
Student (pupil) transportation	260,568	248,070	12,498
Food services	382,451	431,094	(48,643)
Cocurricular/extracurricular activities	724,508	697,017	27,491
General administration	476,431	458,894	17,537
Plant maintenance and operations	880,652	821,875	58,777
Security and monitoring	3,398	5,559	(2,161)
Data processing services	148,321	165,035	(16,714)
Interest on long-term debt	208,950	205,142	3,808
Bond issuance costs and fees	32,195	36,221	(4,026)
Payments related to shared services arrangements	62,468	61,691	777
Total Expenses	<u>8,369,857</u>	<u>7,117,801</u>	<u>1,252,056</u>
Change in Net Position	<u>(711,124)</u>	<u>(961,034)</u>	<u>249,910</u>
Beginning net position	480,856	1,441,890	(961,034)
Ending Net Position	<u>\$ (230,268)</u>	<u>\$ 480,856</u>	<u>\$ (711,124)</u>

Revenues from governmental activities totaled \$7,658,733, which is an increase of \$1,501,966 from the 2019 fiscal year. Grant and contributions revenue is the District's revenue source that increased the most this year, with an increase of \$1,361,466 for the year. This significant increase was due to an increase in state foundation revenue in the general fund.

Expenses for governmental activities totaled \$8,369,857, which is an increase of \$1,252,056 from the 2019 fiscal year. This increase is primarily related to an increase in instruction expenses throughout the year.

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2020, the District's combined governmental funds reported a fund balance of \$1,969,761. This compares to a combined fund balance of \$2,354,101 at August 31, 2019. The fund balance in the general fund decreased primarily due to a decrease in local revenues due to a reduction in property tax values and an increase in instruction expenditures during the year. The ESEA Title I fund saw an increase of \$4,204 in both revenues and expenditures compared to the prior year. The National School Breakfast/Lunch Program fund saw a decrease in local, state, and federal revenues compared to last year. The general fund had to transfer \$62,026 to cover expenditures for the year. The debt service fund balance decreased due to the continued payment of principal and interest payments for outstanding bonds and loans.

BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2020, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's budgeted revenues exceeded actual revenues by \$367,373 and the actual expenditures were under budgeted expenditures by \$216,911.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended August 31, 2020, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2020, the District had a total of \$10,261,867 invested in capital assets (net of accumulated depreciation) such as land, buildings, and District equipment. This total includes \$100,014 invested during the fiscal year ended August 31, 2020 as follows:

- 2020 Longhorn Bus - \$93,790
- Convection Steamer - \$6,224

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had \$8,536,140 in general obligation bonds and a note payable outstanding versus \$9,115,710 in the prior year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While changes to operations caused a significant hardship, the overall impact to the financial operations for the 2019-2020 school year as a percentage of the overall budget was nominal.

Areas impacted the most were teaching and learning, technology, and facilities.

The District received \$108,700 in Elementary and Secondary School Emergency Relief Funds (ESSER) during the school year.

BREMOND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGET

The following factors were considered in establishing the District's budget for 2020-2021:

- The District adopted an increased revenue budget in the amount of \$6,213,804 for 2020-2021. The District adopted an increased expenditure budget in the amount of \$6,156,816 for 2020-2021. This should increase the general fund balance in the amount of \$56,988.
- The District approved a maintenance and operations 2020-2021 tax rate of \$0.97 per \$100 of property valuation. The District's interest and sinking 2020-2021 tax rate of \$0.303 per \$100 of property valuation remained the same.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the District's finances and to demonstrate the District's commitment to accountability for the money it receives. If you have questions about this report or need additional financial information, contact Daryl Stuard, Superintendent, Bremond Independent School District, 601 West Collins Street, Bremond, Texas 76629 or by calling (254) 746-7145.

Basic Financial Statements

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 2,699,988
1220	<i>Property Taxes Receivable</i>	279,790
1225	<i>Allowance for Uncollectible Taxes</i>	(42,182)
1240	<i>Due from Other Governments</i>	141,526
1267	<i>Due from Fiduciary</i>	11,044
1290	<i>Other Receivables (Net)</i>	1,655
Capital Assets:		
1510	<i>Land</i>	81,380
1520	<i>Buildings and Improvements, Net</i>	9,792,406
1530	<i>Furniture and Equipment, Net</i>	151,443
1540	<i>Vehicles, Net</i>	236,638
1000	Total Assets	<u>13,353,688</u>
DEFERRED OUTFLOWS OF RESOURCES:		
1701	<i>Deferred Charge on Refunding</i>	429,726
1705	<i>Deferred Outflows Related to Pensions</i>	722,807
1706	<i>Deferred Outflows Related to OPEB</i>	270,507
1700	Total Deferred Outflows of Resources	<u>1,423,040</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	45,909
2140	<i>Interest Payable</i>	18,770
2165	<i>Accrued Liabilities</i>	347,557
2180	<i>Due to Other Governments</i>	379,192
2300	<i>Unearned Revenue</i>	2,401
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	742,187
2502	<i>Due in More Than One Year</i>	8,519,224
2540	<i>Net Pension Liability</i>	1,326,341
2545	<i>Net OPEB Liability</i>	2,221,755
2000	Total Liabilities	<u>13,603,336</u>
DEFERRED INFLOWS OF RESOURCES:		
2605	<i>Deferred Inflows Related to Pensions</i>	267,066
2606	<i>Deferred Inflows Related to OPEB</i>	1,136,594
2600	Total Deferred Inflows of Resources	<u>1,403,660</u>
NET POSITION:		
3200	Net Investment in Capital Assets	1,451,964
Restricted For:		
3820	Federal/State Funds	20,877
3850	Debt Service	788,480
3900	Unrestricted	(2,491,589)
3000	Total Net Position	<u>\$ (230,268)</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 4,499,854	\$ 101,811	\$ 727,563	\$ (3,670,480)	
12	<i>Instructional Resources and Media Services</i>	28,101	--	110	(27,991)	
13	<i>Curriculum and Staff Development</i>	43,434	--	10,662	(32,772)	
23	<i>School Leadership</i>	433,905	--	43,162	(390,743)	
31	<i>Guidance, Counseling, and Evaluation Services</i>	90,850	--	5,580	(85,270)	
33	<i>Health Services</i>	93,771	--	5,857	(87,914)	
34	<i>Student Transportation</i>	260,568	--	6,277	(254,291)	
35	<i>Food Service</i>	382,451	57,491	202,920	(122,040)	
36	<i>Cocurricular/Extracurricular Activities</i>	724,508	28,737	18,268	(677,503)	
41	<i>General Administration</i>	476,431	--	30,263	(446,168)	
51	<i>Facilities Maintenance and Operations</i>	880,652	--	25,977	(854,675)	
52	<i>Security and Monitoring Services</i>	3,398	--	--	(3,398)	
53	<i>Data Processing Services</i>	148,321	--	43,741	(104,580)	
72	<i>Interest on Long-term Debt</i>	208,950	--	--	(208,950)	
73	<i>Bond Issuance Costs and Fees</i>	32,195	--	--	(32,195)	
93	<i>Payments Related to Shared Services Arrangements</i>	62,468	--	446	(62,022)	
TG	Total Governmental Activities	8,369,857	188,039	1,120,826	(7,060,992)	
TP	Total Primary Government	\$ 8,369,857	\$ 188,039	\$ 1,120,826	(7,060,992)	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				2,730,460	
DT	<i>Property Taxes, Levied for Debt Service</i>				852,934	
IE	<i>Investment Earnings</i>				51,016	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				2,706,563	
MI	<i>Miscellaneous</i>				8,895	
TR	Total General Revenues				6,349,868	
CN	Change in Net Position				(711,124)	
NB	Net Position - Beginning				480,856	
NE	Net Position - Ending				\$ (230,268)	

The accompanying notes are an integral part of this statement.

BREMOND INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	10 General Fund	ESEA Title I Improving Basic Programs
ASSETS:		
1110	\$ 1,285,837	\$ 186,814
1220	216,212	--
1225	(33,724)	--
1240	17,094	--
1260	559,930	--
1290	1,654	--
1000	<u>2,047,003</u>	<u>186,814</u>
LIABILITIES:		
Current Liabilities:		
2110	\$ 39,421	\$ --
2150	25,324	--
2160	277,188	9,450
2170	--	176,724
2180	379,192	--
2200	6,457	640
2300	2,401	--
2000	<u>729,983</u>	<u>186,814</u>
DEFERRED INFLOWS OF RESOURCES:		
2600	182,488	--
2600	<u>182,488</u>	<u>--</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450	--	--
3470	--	--
3480	--	--
3490	--	--
Committed Fund Balances:		
3510	600,000	--
3545	200,000	--
3600	334,532	--
3000	<u>1,134,532</u>	<u>--</u>
4000	<u>\$ 2,047,003</u>	<u>\$ 186,814</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

24 National School Breakfast/Lunch Program	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 210,920	\$ 783,248	\$ 103,875	\$ 2,570,694
--	63,578	--	279,790
--	(8,458)	--	(42,182)
--	5,232	119,200	141,526
--	--	--	559,930
--	--	--	1,654
<u>210,920</u>	<u>843,600</u>	<u>223,075</u>	<u>3,511,412</u>
\$ 6,488	\$ --	\$ --	\$ 45,909
--	--	--	25,324
5,454	--	2,454	294,546
195,825	--	176,337	548,886
--	--	--	379,192
519	--	169	7,785
--	--	--	2,401
<u>208,286</u>	<u>--</u>	<u>178,960</u>	<u>1,304,043</u>
--	55,120	--	237,608
<u>--</u>	<u>55,120</u>	<u>--</u>	<u>237,608</u>
2,634	--	--	2,634
--	--	21,782	21,782
--	788,480	--	788,480
--	--	22,333	22,333
--	--	--	600,000
--	--	--	200,000
--	--	--	334,532
<u>2,634</u>	<u>788,480</u>	<u>44,115</u>	<u>1,969,761</u>
<u>\$ 210,920</u>	<u>\$ 843,600</u>	<u>\$ 223,075</u>	<u>\$ 3,511,412</u>

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2020*

Total fund balances - governmental funds balance sheet	\$ 1,969,761
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not reported in the funds.	10,261,867
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	237,608
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	109,392
Payables for bond principal which are not due in the current period are not reported in the funds.	(7,845,274)
Payables for loan principal which are not due in the current period are not reported in the funds.	(261,140)
Premiums on long-term debt are not reported in the funds.	(725,271)
Payables for bond interest which are not due in the current period are not reported in the funds.	(18,770)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,326,341)
Deferred inflows of resources related to the Teacher Retirement System of Texas (TRS) are not reported in the funds.	(267,066)
Deferred outflows of resources related to TRS are not reported in the funds.	722,807
Recognition of the District's proportionate share of the net other postemployment benefits (OPEB) liability is not reported in the funds.	(2,221,755)
Deferred inflows of resources related to the OPEB plan are not reported in the funds.	(1,136,594)
Deferred outflows of resources related to the OPEB plan are not reported in the funds.	270,507
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	<u>\$ (230,268)</u>

The accompanying notes are an integral part of this statement.

BREMOND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	10 <u>General Fund</u>	<u>ESEA Title I Improving Basic Programs</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 2,858,255	\$ --
5800 <i>State Program Revenues</i>	3,012,006	--
5900 <i>Federal Program Revenues</i>	38,477	135,729
5020 Total Revenues	<u>5,908,738</u>	<u>135,729</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	3,560,487	135,729
0012 <i>Instructional Resources and Media Services</i>	13,071	--
0013 <i>Curriculum and Staff Development</i>	22,852	--
0023 <i>School Leadership</i>	375,809	--
0031 <i>Guidance, Counseling, and Evaluation Services</i>	63,089	--
0033 <i>Health Services</i>	81,527	--
0034 <i>Student Transportation</i>	277,430	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	317,317	--
0041 <i>General Administration</i>	443,514	--
0051 <i>Facilities Maintenance and Operations</i>	732,377	--
0053 <i>Data Processing Services</i>	104,889	--
0071 <i>Principal on Long-term Debt</i>	69,071	--
0072 <i>Interest on Long-term Debt</i>	5,565	--
0073 <i>Bond Issuance Costs and Fees</i>	--	--
0081 <i>Capital Outlay</i>	--	--
0093 <i>Payments to Shared Service Arrangements</i>	62,468	--
6030 Total Expenditures	<u>6,129,466</u>	<u>135,729</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(220,728)</u>	<u>--</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
8911 <i>Transfers Out</i>	(62,026)	--
7080 Total Other Financing Sources and (Uses)	<u>(62,026)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(282,754)</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>1,417,286</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ 1,134,532</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

24 National School Breakfast/Lunch Program	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 57,491	\$ 857,697	\$ 19,325	\$ 3,792,768
1,308	13,948	91,503	3,118,765
157,456	--	181,029	512,691
<u>216,255</u>	<u>871,645</u>	<u>291,857</u>	<u>7,424,224</u>
--	--	223,573	3,919,789
--	--	--	13,071
--	--	10,500	33,352
--	--	--	375,809
--	--	--	63,089
--	--	--	81,527
--	--	--	277,430
275,647	--	--	275,647
--	--	16,852	334,169
--	--	--	443,514
--	--	--	732,377
--	--	36,612	141,501
--	514,578	--	583,649
--	411,022	--	416,587
--	1,500	--	1,500
--	--	53,085	53,085
--	--	--	62,468
<u>275,647</u>	<u>927,100</u>	<u>340,622</u>	<u>7,808,564</u>
<u>(59,392)</u>	<u>(55,455)</u>	<u>(48,765)</u>	<u>(384,340)</u>
62,026	--	--	62,026
--	--	--	(62,026)
<u>62,026</u>	<u>--</u>	<u>--</u>	<u>--</u>
2,634	(55,455)	(48,765)	(384,340)
--	843,935	92,880	2,354,101
<u>\$ 2,634</u>	<u>\$ 788,480</u>	<u>\$ 44,115</u>	<u>\$ 1,969,761</u>

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020*

Net change in fund balances - total governmental funds	\$ (384,340)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	100,014
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,052,900)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	38,573
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	514,578
Repayment of loans is an expenditure in the funds but is not an expense in the SOA.	64,992
Bond premiums are amortized in the SOA but not in the funds.	59,891
(Increase) decrease in accreted interest from beginning of period to end of period is not reported in the funds.	155,494
(Increase) decrease in accrued interest from beginning of period to end of period.	(7,748)
The net revenue (expense) of internal service fund is reported with governmental activities.	13,925
A loss on refunding bonds issued is amortized in the SOA, but not in the funds.	(30,695)
GASB 68 on-behalf revenues are reported with governmental activities.	401,615
The District's share of the net pension expense is reported with governmental activities.	(589,226)
GASB 75 on-behalf revenues are reported with governmental activities.	77,808
GASB 75 federal funding recognized in the SOA is reported with governmental activities.	163
The District's share of the net OPEB expense is reported with governmental activities.	(73,267)
Rounding difference	(1)
	<hr/>
Change in net position of governmental activities - Statement of Activities	<u>\$ (711,124)</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2020

Data Control Codes		Public Entity Risk Pool
	ASSETS:	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 129,294
	Total Current Assets	<u>129,294</u>
1000	Total Assets	<u>129,294</u>
	LIABILITIES:	
	Current Liabilities:	
2200	<i>Accrued Expenses</i>	19,902
	Total Current Liabilities	<u>19,902</u>
2000	Total Liabilities	<u>19,902</u>
	NET POSITION:	
3900	<i>Unrestricted</i>	109,392
3000	Total Net Position	<u>\$ 109,392</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		Public Entity Risk Pool
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 35,411
5020	Total Revenues	<u>35,411</u>
	OPERATING EXPENSES:	
6400	<i>Other Operating Costs</i>	21,486
6030	Total Expenses	<u>21,486</u>
1300	Change in Net Position	13,925
0100	Total Net Position - Beginning	95,467
3300	Total Net Position - Ending	<u>\$ 109,392</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2020

	Public Entity Risk Fund
Cash Flows from Operating Activities:	
<i>Cash Receipts (Payments) for Services</i>	\$ 35,411
<i>Other Operating Cash Receipts (Payments)</i>	(26,492)
Net Cash Provided (Used) by Operating Activities	<u>8,919</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,919
Cash and Cash Equivalents at Beginning of Year	120,375
Cash and Cash Equivalents at End of Year	<u>\$ 129,294</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 13,925
Change in Assets and Liabilities:	
<i>Increase (Decrease) in Accrued Expenses</i>	(5,006)
Total Adjustments	<u>(5,006)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,919</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

AUGUST 31, 2020

Data Control Codes		Agency Fund <hr/> Student Activity <hr/>
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 104,058
1000	Total Assets	<hr/> 104,058 <hr/>
LIABILITIES:		
Current Liabilities:		
2170	<i>Due to Other Funds</i>	11,044
2190	<i>Due to Student Groups</i>	93,014
2000	Total Liabilities	<hr/> 104,058 <hr/>
NET POSITION:		
3000	Total Net Position	<hr/> \$ -- <hr/>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bremont Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas (the "State"). It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
FOR THE YEAR ENDED AUGUST 31, 2020

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund. The ESEA Title I improving basic programs and national school breakfast/lunch programs are considered major funds for reporting purposes.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses includes costs of material, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The proprietary fund type used by the District includes the following:

Internal Service Fund

This fund is used to account for and report revenue and expenses related to services provided to parties inside the District on a cost-reimbursement basis. This fund accounts for revenues and expenses related to services provided to parties inside the District related to the provision of workers' compensation benefits. Because the principal users of the internal service fund are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the governmental-wide financial statements.

Fiduciary Funds

The fiduciary fund accounts for assets held by the District in a trustee capacity or as an agent on behalf of others. The fiduciary fund is not reflected in the government-wide financial statements because the resources of that fund are not available to support the District's own programs.

The District has the following type of fiduciary funds:

Agency Fund

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The agency fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

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

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

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
FOR THE YEAR ENDED AUGUST 31, 2020

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that has a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
FOR THE YEAR ENDED AUGUST 31, 2020

4. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	10 to 40 years
Vehicles	8 to 20 years
Equipment	5 to 20 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Receivable and Payables Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end.

7. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued *FOR THE YEAR ENDED AUGUST 31, 2020*

consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued FOR THE YEAR ENDED AUGUST 31, 2020

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

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Data Control Codes

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

14. Pensions

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

15. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
FOR THE YEAR ENDED AUGUST 31, 2020

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

A. Expenditures in Excess of Appropriations

For the year, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
School Leadership	\$19
Transfers Out	\$62,026

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

1. Cash Deposits

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,804,046 and the bank balance was \$3,062,804. The District's cash deposits at August 31, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments

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

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

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

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

As of August 31, 2020, the District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Lone Star	\$ 2,587,004	0.07
Total Value	\$ 2,587,004	
Portfolio weighted average maturity		0.07

Custodial credit risk – deposits. In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2020, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Associate of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both members and nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Corporate Overnight Plus Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 81,380	\$ -	\$ -	\$ 81,380
Total capital assets not being depreciated	81,380	-	-	81,380
Capital assets being depreciated:				
Buildings and improvements	26,292,683	-	-	26,292,683
Equipment	629,615	6,224	-	635,839
Vehicles	1,395,697	93,790	-	1,489,487
Total capital assets being depreciated	28,317,995	100,014	-	28,418,009
Less accumulated depreciation for:				
Buildings and improvements	(15,573,847)	(926,430)	-	(16,500,277)
Equipment	(429,897)	(54,499)	-	(484,396)
Vehicles	(1,180,878)	(71,971)	-	(1,252,849)
Total accumulated depreciation	(17,184,622)	(1,052,900)	-	(18,237,522)
Total capital assets being depreciated, net	11,133,373	(952,886)	-	10,180,487
Governmental activities capital assets, net	\$ 11,214,753	\$ (952,886)	\$ -	\$ 10,261,867

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

Depreciation was charged to governmental functions as follows:

		Governmental Activities
11	Instruction	\$ 353,714
12	Instructional Resources and Media Services	15,122
13	Curriculum and Staff Development	10,082
23	School Leadership	25,204
31	Guidance, Counseling, and Evaluation Services	25,204
33	Health Services	10,082
34	Student Transportation	75,553
35	Food Service	51,186
36	Extracurricular Activities	377,363
41	General Administration	11,448
51	Plant Maintenance and Operations	90,029
52	Security and Monitoring Services	3,398
53	Data Processing Services	4,515
Total Depreciation Expense		\$ 1,052,900

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Bonds payable:						
Series 2015 - 2.00% - 3.00%	\$ 2,950,000	\$ 1,845,000	\$ -	\$ (290,000)	\$ 1,555,000	\$ 295,000
Series 2016 - 0.00% - 4.00%	7,414,989	6,944,578	-	(224,578)	6,720,000	385,000
Direct Borrowings/Placements:						
Ideal Impact - Energy Project	322,106	326,132	-	(64,992)	261,140	62,187
	<u>18,892,068</u>	<u>9,115,710</u>	<u>-</u>	<u>(579,570)</u>	<u>8,536,140</u>	<u>742,187</u>
Other liabilities:						
Accreted Interest on CAB	-	155,494	4,928	(160,422)	-	-
Issuance premium	-	785,162	-	(59,891)	725,271	*
Net pension liability	-	1,429,756	119,012	(222,427)	1,326,341	-
Net OPEB liability	-	2,366,130	149,808	(294,183)	2,221,755	-
Total governmental activities	<u>\$ 18,892,068</u>	<u>\$ 13,852,253</u>	<u>\$ 273,748</u>	<u>\$ (1,316,493)</u>	<u>\$ 12,809,508</u>	<u>\$ 742,187</u>
					<u>\$ 12,067,321</u>	
					<u>\$ 9,261,411</u>	

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the debt service fund. The bonds were issued as unlimited tax school building bonds and interest rates on the bonds ranged from 0.0% to 4.0%. Interest expense was \$420,666 for the year ended August 31, 2020.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

The annual requirements to amortize debt issues outstanding at year end were as follows:

Bonds Payable

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 680,000	\$ 244,750	\$ 924,750
2022	695,000	222,650	917,650
2023	720,000	198,450	918,450
2024	750,000	172,600	922,600
2025	775,000	145,650	920,650
2026-2030	2,460,000	480,038	2,940,038
2031-2035	2,195,000	161,300	2,356,300
	<u>\$ 8,275,000</u>	<u>\$ 1,625,438</u>	<u>\$ 9,900,438</u>

The debt service requirements for direct borrowings/placements are as follows:

Notes from Direct Borrowings and Direct Placements

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 62,187	\$ 8,487	\$ 70,674
2022	64,208	6,466	70,674
2023	66,295	4,379	70,674
2024	68,450	2,225	70,674
	<u>\$ 261,140</u>	<u>\$ 21,557</u>	<u>\$ 282,697</u>

D. Commitments Under Noncapitalized Leases

The District has various operating lease agreements where the future minimum payments are immaterial to the operations of the District and, accordingly, the District has elected not to disclose future payments by fiscal year. Rent expenditures recognized by the District were \$29,629.

E. Interfund Transactions

The interfund balances and transfers at August 31, 2020 were as follows:

Due From	Due To	Amount	Purpose
Nonmajor Governmental Fund	General Fund	\$ 176,337	Short-term loans
National School Breakfast/ Lunch Program	General Fund	195,825	Short-term loans
ESEA Title I	General Fund	176,724	Short-term loans
Agency Fund	General Fund	11,044	Short-term loans
		<u>\$ 559,930</u>	

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfers From	Transfers To	Amount	Reason
General Fund	National School Breakfast/ Lunch Program	\$ 62,026	To supplement revenue
	Total	<u>\$ 62,026</u>	

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
FOR THE YEAR ENDED AUGUST 31, 2020

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by 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. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in State 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 TRS.

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS*, then *Publications*, then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 the State. The pension formula is calculated using 2.3% (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

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
 FOR THE YEAR ENDED AUGUST 31, 2020

of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates			
Fiscal Year	State	Public Education Employer	Active Employee
2019	6.80%	1.50%	7.70%
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

*SB 12 requires an increase in employer contributions by public school districts, charter schools, and regional education service centers. Prior to SB12, only those employers not participating in Social Security were required to pay a 1.5% contribution. Beginning September 1, 2019, all employers are required to pay the Public Education Employer Contribution irrespective of participation in Social Security.

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
NECE (State)	6.8%	7.5%
Employers	6.8%	6.8%

	Measurement Year (2019)	Fiscal Year (2020)
Employer Contributions	\$ 89,305	\$ 109,886
Member Contributions	\$ 246,456	\$ 289,417
NECE On-Behalf Contributions	\$ 172,137	\$ 229,085

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

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

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS 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 as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from noneducational, and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to TRS beginning in fiscal year 2020. This contribution rate, called the Public Education Employer Contribution (PEEC), will replace the Non-Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal OASDI Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced by the PEEC explained above.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2019 was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions used in the determination of the TPL are the same assumptions used in the actuarial valuation as of ending August 31, 2018. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 2018.

Discount Rate

A single discount rate of 7.25% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, TRS' 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 TRS investments was applied to all periods of projected benefit payments to determine the TPL.

The long-term expected rate of return on TRS investments is 7.25%. The long-term expected rate of return on TRS 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 TRS' target asset allocation as of August 31, 2019 are summarized below:

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 FOR THE YEAR ENDED AUGUST 31, 2020

**Teacher Retirement System of Texas
 Asset Allocation and Long-Term Expected Real Rate of Return
 As of August 31, 2019**

	Fiscal Year 2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Returns	0.0%	0.0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources, and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%(5)
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Expected Return	<u>100.0%</u>	<u>100.0%</u>	<u>7.2%</u>

- (1) Target allocations are based on the Strategic Asset Allocation as of fiscal year 2019.
- (2) New allocations are based on the Strategic Asset Allocation to be implemented fiscal year 2020.
- (3) Ten-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.
- (4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.
- (5) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the NPL:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the NPL	<u>\$ 2,038,779</u>	<u>\$ 1,326,341</u>	<u>\$ 749,129</u>

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

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

At August 31, 2020, the District reported a liability of \$1,326,341 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,326,341
State's proportionate share that is associated with the District	2,556,655
Total	\$ 3,882,996

The NPL was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective NPL was 0.0025515%, which was a decrease of 0.0000461% from its proportion measured as of August 31, 2019.

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas Legislature approved funding for a thirteenth check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$401,615 and revenue of \$401,615 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 5,572	\$ (46,053)
Changes in actuarial assumptions	411,496	(170,050)
Difference between projected and actual investment earnings	13,318	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	182,535	(50,963)
Contributions paid to TRS subsequent to the measurement date	109,886	-
Total	\$ 722,807	\$ (267,066)

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
 FOR THE YEAR ENDED AUGUST 31, 2020

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

Fiscal Year Ended August 31	Pension Expense
2021	\$ 102,034
2022	83,954
2023	73,477
2024	71,422
2025	28,179
Thereafter	(13,211)
Total	\$ 345,855

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care is administered through a trust by TRS Board of Trustees (the “Board”). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s fiduciary net position is available in a separately issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

Components of the net OPEB liability of TRS-Care as of August 31, 2019 are as follows:

Total OPEB liability	\$ 48,583,247,239
Less: plan fiduciary net position	<u>1,292,022,349</u>
Net OPEB Liability	\$ <u>47,291,224,890</u>

Net position as a percentage of total OPEB liability 2.66%

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits, TRS-Care 2 and TRS-Care 3 (the “Optional Health Insurance”). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. The Board is granted the authority to establish basic and optional group insurance coverage for participants, as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*
 FOR THE YEAR ENDED AUGUST 31, 2020

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

TRS-Care Monthly Premium Rates				
	<u>Medicare</u>		<u>Non-Medicare</u>	
Retiree*	\$	135	\$	200
Retiree and spouse	\$	529	\$	689
Retiree* and children	\$	468	\$	408
Retiree and family	\$	1,020	\$	999

**or surviving spouse*

Contributions

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

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

	Contribution Rates	
	<u>Fiscal Year</u>	
	<u>2019</u>	<u>2020</u>
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	<u>Measurement</u>	<u>Fiscal</u>
	<u>Year (2019)</u>	<u>Year (2020)</u>
Employer contributions	\$ 33,027	\$ 37,867
Member contributions	\$ 10,402	\$ 12,216
NECE on-behalf contributions	\$ 44,303	\$ 46,983

In addition to the employer contributions listed above, there is an additional surcharge to which all TRS employers are subject (regardless of whether or not they participate in TRS-Care). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree. TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued* FOR THE YEAR ENDED AUGUST 31, 2020

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

- | | |
|----------------------------------|----------------------------|
| 1. Rates of Mortality | 5. General Inflation |
| 2. Rates of Retirement | 6. Wage Inflation |
| 3. Rates of Termination | 7. Expected Payroll Growth |
| 4. Rates of Disability Incidence | |

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

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2018 rolled forward to 8/31/2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.63% as of August 31, 2019
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases*	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.5%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25-basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because TRS-Care is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care's fiduciary net position

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 2,682,372	\$ 2,221,755	\$ 1,861,415

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	\$ 1,812,430	\$ 2,221,755	\$ 2,770,063

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

At August 31, 2020, the District reported a liability of \$2,221,755 for its proportionate share of TRS-Care's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,221,755
State's proportionate share that is associated with the District	2,952,216
Total	\$ 5,173,971

The net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2018 through August 31, 2019.

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0046980%, compared to 0.0047388% as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The healthcare trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 60%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 FOR THE YEAR ENDED AUGUST 31, 2020

- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$77,808 and revenue of \$77,808 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of TRS-Care’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 108,996	\$ (363,567)
Changes in actuarial assumptions	123,401	(597,598)
Differences between projected and actual investment earnings	239	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	4	(175,429)
Contributions paid to TRS subsequent to the measurement date	37,867	-
Total	\$ 270,507	\$ (1,136,594)

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

Fiscal Year Ended August 31	OPEB Expense
2021	\$ (147,112)
2022	(147,112)
2023	(147,192)
2024	(147,236)
2025	(147,224)
Thereafter	(168,078)
Total	\$ (903,954)

Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$17,894, \$12,164, and \$10,486, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the “Plan”). The District paid premiums of \$381 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2020, and terms of coverage and premiums costs are included in the contractual provisions.

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

F. Workers' Compensation

During the year ended August 31, 2020, employees of the District were covered by a Workers' Compensation Plan (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements.

The contract between the District and the third-party administrator, Claims Administrative Services (CAS), acting on behalf of the self-funded pool, is renewable September 1, 2020, and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Midwest Employers Casualty, a commercial insurer licensed or eligible to do business in the State in accordance with Texas Insurance Code. Reinsurance coverage was in effect for individual claims exceeding \$500,000 and for aggregate claims with a statutory limit of \$3,000,000. According to CAS, the unfunded claim benefit obligation included \$19,902 in claims that were unpaid and \$7,855 in estimated claims incurred, but not reported.

The claim liability is based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims which have been incurred but not reported based on historical experience. Changes in the claims liability for workers' compensation benefits for the current and prior year are summarized below.

	Fiscal Year	
	2020	2019
Claims liability at beginning of the year	\$ 24,908	\$ 24,046
Current year claims and estimated changes	(1,869)	7,170
Claims payments	(3,137)	(6,308)
Claims liability at year end	<u>\$ 19,902</u>	<u>\$ 24,908</u>

G. Unemployment Compensation

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

H. Shared Services Arrangements

The District participates in a shared services arrangement (SSA) for the improvement of the education for limited English proficient children funded under ESEA Title III, Part A, English Language Acquisition and Language Enhancement. The District neither has a joint interest in fixed assets purchased by the fiscal agent, Education Service Center-Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the SSA. The fiscal agent is reporting \$649 as expenditures incurred on behalf of the District.

The District participates in an SSA for the education of career and technology students, funded under Title II, Basic Grant Career and Technology Education Program. The District neither has a joint ownership interest in

BREMOND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
FOR THE YEAR ENDED AUGUST 31, 2020

fixed assets purchased by the fiscal agent, Education Service Center-Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the SSA. The fiscal agent I is reporting \$5,365 as expenditures incurred on behalf of the District.

The District participates in an SSA for a Special Education program with several other school districts. The District neither has a joint interest in fixed assets purchased by the fiscal agent, Franklin Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is reporting \$141,663 as expenditures incurred on behalf of the District.

(This page intentionally left blank.)

Required Supplementary Information

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

BREMOND INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,998,500	\$ 3,317,500	\$ 2,858,255	\$ (459,245)
5800	State Program Revenues	2,913,611	2,913,611	3,012,006	98,395
5900	Federal Program Revenues	45,000	45,000	38,477	(6,523)
5020	Total Revenues	5,957,111	6,276,111	5,908,738	(367,373)
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,329,563	3,644,563	3,560,487	84,076
0012	Instructional Resources and Media Services	13,150	13,150	13,071	79
0013	Curriculum and Staff Development	36,900	36,900	22,852	14,048
	Total Instruction and Instr. Related Services	3,379,613	3,694,613	3,596,410	98,203
Instructional and School Leadership:					
0023	School Leadership	375,790	375,790	375,809	* (19)
	Total Instructional and School Leadership	375,790	375,790	375,809	(19)
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	64,637	64,637	63,089	1,548
0033	Health Services	82,695	82,695	81,527	1,168
0034	Student (Pupil) Transportation	282,171	282,171	277,430	4,741
0036	Cocurricular/Extracurricular Activities	321,164	321,164	317,317	3,847
	Total Support Services - Student (Pupil)	750,667	750,667	739,363	11,304
Administrative Support Services:					
0041	General Administration	446,448	446,448	443,514	2,934
	Total Administrative Support Services	446,448	446,448	443,514	2,934
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	807,288	807,288	732,377	74,911
0052	Security and Monitoring Services	3,000	3,000	--	3,000
0053	Data Processing Services	128,571	128,571	104,889	23,682
	Total Support Services - Nonstudent Based	938,859	938,859	837,266	101,593
Debt Service:					
0071	Principal on Long-Term Debt	71,000	69,071	69,071	--
0072	Interest on Long-Term Debt	--	5,929	5,565	364
	Total Debt Service	71,000	75,000	74,636	364
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	65,000	65,000	62,468	2,532
	Total Intergovernmental Charges	65,000	65,000	62,468	2,532
6030	Total Expenditures	6,027,377	6,346,377	6,129,466	216,911
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(70,266)	(70,266)	(220,728)	(150,462)

BREMOND INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
8911	<i>Transfers Out</i>	\$ --	\$ --	\$ (62,026) *	\$ (62,026)
7080	Total Other Financing Sources and (Uses)	--	--	(62,026)	(62,026)
1200	Net Change in Fund Balance	(70,266)	(70,266)	(282,754)	(212,488)
0100	Fund Balance - Beginning	1,417,286	1,417,286	1,417,286	--
3000	Fund Balance - Ending	<u>\$ 1,347,020</u>	<u>\$ 1,347,020</u>	<u>\$ 1,134,532</u>	<u>\$ (212,488)</u>

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

BREMOND INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
FOR THE YEAR ENDED AUGUST 31, 2020*

	Measurement Year*			
	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0025515%	0.0025976%	0.0023319%	0.0025173%
District's proportionate share of the net pension liability (asset)	\$ 1,326,341	\$ 1,429,756	\$ 745,615	\$ 951,238
State's proportionate share of the net pension liability (asset) associated with the District	2,556,655	2,791,926	2,007,591	2,673,564
Total	<u>\$ 3,882,996</u>	<u>\$ 4,221,682</u>	<u>\$ 2,753,206</u>	<u>\$ 3,624,802</u>
District's covered payroll	\$ 3,200,729	\$ 3,141,370	\$ 3,351,385	\$ 3,599,039
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.44%	45.51%	22.25%	26.43%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%

*Only six years' worth of information is currently available.

Notes to Required Supplementary Information:

Changes in Assumptions:

- The total pension liability (TPL), as of August 31, 2019, was developed using a roll-forward method from the August 31, 2018 valuation.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The discount rate changed from 6.907% as of August 31, 2018 to 7.25% as of August 31, 2019.

Changes in Benefits: There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

EXHIBIT G-2

Measurement Year*	
<u>2015</u>	<u>2014</u>
0.0026712%	0.0011514%
\$ 944,234	\$ 307,554
2,397,145	1,998,511
<u>\$ 3,341,379</u>	<u>\$ 2,306,065</u>
\$ 3,338,087	\$ 3,107,670
28.29%	9.90%
78.43%	83.25%

BREMOND INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
FOR THE YEAR ENDED AUGUST 31, 2020*

	Fiscal Year				
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 109,886	\$ 89,240	\$ 93,683	\$ 76,426	\$ 79,980
Contributions in relation to the contractually required contribution	109,886	89,240	93,683	76,426	79,980
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 3,758,660	\$ 3,200,729	\$ 3,141,370	\$ 3,351,385	\$ 3,599,039
Contributions as a percentage of covered payroll	2.92%	2.79%	2.98%	2.28%	2.22%

EXHIBIT G-3

		Fiscal Year				
		2015	2014	2013	2012	2011
\$	79,084	29,190	\$ 25,781	\$ 23,945	\$ 20,393	
	79,084	29,190	25,781	23,945	20,393	
\$	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	
\$	3,338,087	3,107,670	\$ 3,109,486	\$ 3,274,028	\$ 3,290,329	
	2.37%	0.94%	0.83%	0.73%	0.62%	

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF THE DISTRICT'S PROPORTIONATE**SHARE OF THE NET OPEB LIABILITY**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-Care)**FOR THE YEAR ENDED AUGUST 31, 2020*

	Measurement Year*		
	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0046980%	0.0047388%	0.0050569%
District's proportionate share of the collective net OPEB liability	\$ 2,221,757	\$ 2,366,130	\$ 2,199,066
State proportionate share of the collective net OPEB liability (asset) associated with the District	2,952,216	2,651,885	2,668,193
Total	<u>\$ 5,173,973</u>	<u>\$ 5,018,015</u>	<u>\$ 4,867,259</u>
District's covered payroll**	\$ 3,200,729	\$ 3,141,370	\$ 3,351,385
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	69.41%	75.32%	65.62%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

*Only three years' worth of information is currently available

Notes to Required Supplementary Information:*Changes in Assumptions:*

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouse of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.
- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.

Changes in Benefits:

There were no changes in benefit terms since the prior measurement date.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-Care)

FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year*		
	2020	2019	2018
Statutorily or contractually required District contribution	\$ 37,867	\$ 30,900	\$ 30,900
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	<u>37,867</u>	<u>30,900</u>	<u>30,900</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 3,758,660	\$ 3,200,729	\$ 3,141,370
Contributions as a percentage of covered payroll	1.01%	0.97%	0.98%

*Only three years' worth of information is available.

(This page intentionally left blank.)

*Combining Statements
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 82,093	\$ 21,782	\$ 103,875
1240	Due from Other Governments	119,200	--	119,200
1000	Total Assets	<u>\$ 201,293</u>	<u>\$ 21,782</u>	<u>\$ 223,075</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 2,454	\$ --	\$ 2,454
2170	Due to Other Funds	176,337	--	176,337
2200	Accrued Expenditures	169	--	169
2000	Total Liabilities	<u>178,960</u>	<u>--</u>	<u>178,960</u>
FUND BALANCES:				
Restricted Fund Balances:				
3470	Capital Acquisitions and Contractual Obligations	--	21,782	21,782
3490	Other Restrictions of Fund Balance	22,333	--	22,333
3000	Total Fund Balances	<u>22,333</u>	<u>21,782</u>	<u>44,115</u>
4000	Total Liabilities and Fund Balances	<u>\$ 201,293</u>	<u>\$ 21,782</u>	<u>\$ 223,075</u>

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 18,350	\$ 975	\$ 19,325
5800 <i>State Program Revenues</i>	91,503	--	91,503
5900 <i>Federal Program Revenues</i>	181,029	--	181,029
5020 Total Revenues	<u>290,882</u>	<u>975</u>	<u>291,857</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	223,573	--	223,573
0013 <i>Curriculum and Staff Development</i>	10,500	--	10,500
0036 <i>Cocurricular/Extracurricular Activities</i>	16,852	--	16,852
0053 <i>Data Processing Services</i>	36,612	--	36,612
0081 <i>Capital Outlay</i>	--	53,085	53,085
6030 Total Expenditures	<u>287,537</u>	<u>53,085</u>	<u>340,622</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	3,345	(52,110)	(48,765)
1200 Net Change in Fund Balances	<u>3,345</u>	<u>(52,110)</u>	<u>(48,765)</u>
0100 Fund Balances - Beginning	18,988	73,892	92,880
3000 Fund Balances - Ending	<u>\$ 22,333</u>	<u>\$ 21,782</u>	<u>\$ 44,115</u>

BREMOND INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2020

Data Control Codes	255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	276 Title I SIP Academy Grant	289 Small, Rural Achievemant Program
ASSETS:				
1110 Cash and Cash Equivalents	\$ 24,737	\$ --	\$ --	\$ 17,812
1240 Due from Other Governments	--	108,700	10,500	--
1000 Total Assets	<u>\$ 24,737</u>	<u>\$ 108,700</u>	<u>\$ 10,500</u>	<u>\$ 17,812</u>
LIABILITIES:				
Current Liabilities:				
2160 Accrued Wages Payable	\$ 1,409	\$ --	\$ --	\$ 1,045
2170 Due to Other Funds	23,272	108,700	10,500	16,654
2200 Accrued Expenditures	56	--	--	113
2000 Total Liabilities	<u>24,737</u>	<u>108,700</u>	<u>10,500</u>	<u>17,812</u>
FUND BALANCES:				
Restricted Fund Balances:				
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 24,737</u>	<u>\$ 108,700</u>	<u>\$ 10,500</u>	<u>\$ 17,812</u>

EXHIBIT H-3

410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 21,177	\$ 1,055	\$ 17,312	\$ 82,093
--	--	--	119,200
<u>\$ 21,177</u>	<u>\$ 1,055</u>	<u>\$ 17,312</u>	<u>\$ 201,293</u>
\$ --	\$ --	\$ --	\$ 2,454
16,156	1,055	--	176,337
--	--	--	169
<u>16,156</u>	<u>1,055</u>	<u>--</u>	<u>178,960</u>
5,021	--	17,312	22,333
<u>5,021</u>	<u>--</u>	<u>17,312</u>	<u>22,333</u>
<u>\$ 21,177</u>	<u>\$ 1,055</u>	<u>\$ 17,312</u>	<u>\$ 201,293</u>

BREMOND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	276 Title I SIP Academy Grant
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--
5900 <i>Federal Program Revenues</i>	<u>15,217</u>	<u>108,700</u>	<u>10,500</u>
5020 Total Revenues	<u>15,217</u>	<u>108,700</u>	<u>10,500</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	15,217	108,700	--
0013 <i>Curriculum and Staff Development</i>	--	--	10,500
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0053 <i>Data Processing Services</i>	--	--	--
6030 Total Expenditures	<u>15,217</u>	<u>108,700</u>	<u>10,500</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

289 Small, Rural Achievement Program	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ --	\$ 18,350	\$ 18,350
--	91,360	143	--	91,503
<u>46,612</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>181,029</u>
<u>46,612</u>	<u>91,360</u>	<u>143</u>	<u>18,350</u>	<u>290,882</u>
10,000	89,513	143	--	223,573
--	--	--	--	10,500
--	--	--	16,852	16,852
<u>36,612</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,612</u>
<u>46,612</u>	<u>89,513</u>	<u>143</u>	<u>16,852</u>	<u>287,537</u>
--	1,847	--	1,498	3,345
<u>--</u>	<u>1,847</u>	<u>--</u>	<u>1,498</u>	<u>3,345</u>
--	3,174	--	15,814	18,988
<u>\$ --</u>	<u>\$ 5,021</u>	<u>\$ --</u>	<u>\$ 17,312</u>	<u>\$ 22,333</u>

(This page intentionally left blank.)

Other Supplementary Information

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

BREMOND INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2011 and Prior Years	Various	Various	Various
2012	\$ 1.04	\$.2300	\$ 436,281,243
2013	\$ 1.04	\$.2766	\$ 370,220,472
2014	\$ 1.04	\$.3784	\$ 323,570,064
2015	\$ 1.04	\$.3248	\$ 365,698,776
2016	\$ 1.04	\$.3248	\$ 405,772,079
2017	\$ 1.04	\$.3033	\$ 331,677,726
2018	\$ 1.04	\$.3033	\$ 287,007,637
2019	\$ 1.04	\$.3033	\$ 272,800,188
2020 (School Year Under Audit)	\$ 0.97	\$.3033	\$ 279,275,946

1000 Totals

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

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 36,427	\$ --	\$ 1,633	\$ 388	\$ (1,401)	\$ 33,005
8,217	--	804	178	(1,159)	6,076
9,794	--	830	221	(1,385)	7,358
12,727	--	1,036	377	(1,948)	9,366
20,262	--	2,451	766	(563)	16,482
18,728	--	1,993	623	(2,172)	13,940
23,618	--	3,389	988	(2,667)	16,574
40,795	--	6,563	1,914	(4,146)	28,172
75,691	--	21,925	6,394	(202)	47,170
--	3,569,723	2,631,543	822,832	(13,701)	101,647
<u>\$ 246,259</u>	<u>\$ 3,569,723</u>	<u>\$ 2,672,167</u>	<u>\$ 834,681</u>	<u>\$ (29,344)</u>	<u>\$ 279,790</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAMS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 90,000	\$ 90,000	\$ 57,491	\$ (32,509)
5800	State Program Revenues	5,000	5,000	1,308	(3,692)
5900	Federal Program Revenues	180,000	163,565	157,456	(6,109)
5020	Total Revenues	<u>275,000</u>	<u>258,565</u>	<u>216,255</u>	<u>(42,310)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	296,442	280,007	275,647	4,360
	Total Support Services - Student (Pupil)	<u>296,442</u>	<u>280,007</u>	<u>275,647</u>	<u>4,360</u>
6030	Total Expenditures	<u>296,442</u>	<u>280,007</u>	<u>275,647</u>	<u>4,360</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(21,442)</u>	<u>(21,442)</u>	<u>(59,392)</u>	<u>(37,950)</u>
Other Financing Sources (Uses):					
7915	Transfers In	--	--	62,026	62,026
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>62,026</u>	<u>62,026</u>
1200	Net Change in Fund Balance	<u>(21,442)</u>	<u>(21,442)</u>	<u>2,634</u>	<u>24,076</u>
0100	Fund Balance - Beginning	--	--	--	--
3000	Fund Balance - Ending	<u>\$ (21,442)</u>	<u>\$ (21,442)</u>	<u>\$ 2,634</u>	<u>\$ 24,076</u>

(This page intentionally left blank.)

BREMOND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
5700	\$ 840,000	\$ 840,000	\$ 857,697	\$ 17,697
5800	--	--	13,948	13,948
5020	<u>840,000</u>	<u>840,000</u>	<u>871,645</u>	<u>31,645</u>
EXPENDITURES:				
Debt Service:				
0071	950,000	537,478	514,578	22,900
0072	--	411,022	411,022	--
0073	--	1,500	1,500	--
	<u>950,000</u>	<u>950,000</u>	<u>927,100</u>	<u>22,900</u>
6030	<u>950,000</u>	<u>950,000</u>	<u>927,100</u>	<u>22,900</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	(110,000)	(110,000)	(55,455)	54,545
1200	<u>(110,000)</u>	<u>(110,000)</u>	<u>(55,455)</u>	<u>54,545</u>
0100	843,935	843,935	843,935	--
3000	<u>\$ 733,935</u>	<u>\$ 733,935</u>	<u>\$ 788,480</u>	<u>\$ 54,545</u>

Other Compliance Section

(This page intentionally left blank.)



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

December 7, 2020

To the Board of Trustees of
Bremond Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bremond Independent School District (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

BREMOND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

 Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

BREMOND INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None to report.		

BREMOND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2020

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the District was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the District is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the District issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the District is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a Board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end	\$ --

