

*ANNUAL FINANCIAL REPORT*

of the

**BREMOND  
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended  
August 31, 2022**

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# BREMOND INDEPENDENT SCHOOL DISTRICT

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***INTRODUCTORY SECTION***

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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, 2022, at a meeting of the Board of Trustees of such school district on the 12th day of DECEMBER, 2022.

Nikki Screws  
Signature of Board Secretary

Randy Ymowski  
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)

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***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Trustees of  
Bremond Independent School District:

### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2022, 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.

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As described in the notes to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

### **Responsibility of Management 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.

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

### **Auditors' Responsibility**

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

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

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

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

### **Required Supplementary Information**

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

## Supplementary Information

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

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required response to selected school first indicators but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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  
November 30, 2022

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For The Year Ended August 31, 2022**

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, 2022. It should be read in conjunction with the District's financial statements.

#### **FINANCIAL HIGHLIGHTS**

- The District's total combined net position at August 31, 2022 was a deficit of \$422,062.
- For the fiscal year ended August 31, 2022, the District's general fund reported a total fund balance of \$1,387,059, of which \$799,023 is committed and \$588,036 is unassigned. The debt service fund reported a total fund balance of \$669,050, 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 \$2,084,585.

#### **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.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For The Year Ended August 31, 2022

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 nonfinancial 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 operations and maintenance are included in *governmental activities*. Locally assessed property taxes, 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 and statement of changes in fiduciary net position. We exclude these activities from

**BREMOND INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended August 31, 2022

the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was a deficit \$422,062 at August 31, 2022. *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, 2022. Within *Table 2*, the District reports an increase of \$270,030 in net position from the prior year.

**Table 1**  
**Net Position**

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022-2021</u>
Current assets	\$ 2,717,406	\$ 2,974,593	\$ (257,187)
Capital assets	8,414,210	9,398,680	(984,470)
<b>Total Assets</b>	<u>11,131,616</u>	<u>12,373,273</u>	<u>(1,241,657)</u>
Deferred charge on refunding	368,337	399,032	(30,695)
Deferred outflows - pensions	459,586	615,240	(155,654)
Deferred outflows - OPEB	469,820	413,739	56,081
<b>Total Deferred Outflows of Resources</b>	<u>1,297,743</u>	<u>1,428,011</u>	<u>(130,268)</u>
Current liabilities	343,271	896,973	(553,702)
Long-term liabilities	10,275,709	11,840,949	(1,565,240)
<b>Total Liabilities</b>	<u>10,618,980</u>	<u>12,737,922</u>	<u>(2,118,942)</u>
Deferred inflows - pensions	752,849	217,733	535,116
Deferred inflows - OPEB	1,479,592	1,537,721	(58,129)
<b>Total Deferred Inflows of Resources</b>	<u>2,232,441</u>	<u>1,755,454</u>	<u>476,987</u>
<b>Net Position:</b>			
Net investment in capital assets	1,089,533	1,269,677	(180,144)
Restricted	697,526	718,443	(20,917)
Unrestricted	(2,209,121)	(2,680,212)	471,091
<b>Total Net Position</b>	<u>\$ (422,062)</u>	<u>\$ (692,092)</u>	<u>\$ 270,030</u>

**BREMOND INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended August 31, 2022

**Table 2**  
**Changes in Net Position**

	<b>Governmental</b>		<b>Total</b>
	<b>Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>2022-2021</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 48,507	\$ 195,669	\$ (147,162)
Operating grants and contributions	1,702,014	1,091,119	610,895
General revenues:			
Property taxes	3,566,400	3,459,773	106,627
State aid - formula grants	3,011,983	2,720,035	291,948
Investment earnings	15,735	3,761	11,974
Other revenue	118,121	89,429	28,692
Gain on sale of assets	-	1,000	(1,000)
<b>Total Revenue</b>	<b>8,462,760</b>	<b>7,560,786</b>	<b>901,974</b>
<b>Expenses</b>			
Instruction	4,149,900	4,238,107	(88,207)
Instructional resources and media services	76,727	43,409	33,318
Curriculum/instructional staff development	40,446	39,237	1,209
School leadership	414,030	409,205	4,825
Guidance, counseling, and evaluation services	92,594	87,878	4,716
Health services	89,873	87,723	2,150
Student (pupil) transportation	318,390	257,874	60,516
Food services	401,403	354,331	47,072
Cocurricular/extracurricular activities	721,342	673,296	48,046
General administration	523,827	497,955	25,872
Plant maintenance and operations	946,329	894,243	52,086
Security and monitoring services	5,804	7,238	(1,434)
Data processing services	141,893	143,463	(1,570)
Debt service - interest	207,924	190,457	17,467
Debt service - issuance costs and fees	2,250	32,195	(29,945)
Payments to shared services arrangements	60,000	65,999	(5,999)
<b>Total Expenses</b>	<b>8,192,730</b>	<b>8,022,610</b>	<b>170,120</b>
<b>Change in Net Position</b>	<b>270,030</b>	<b>(461,824)</b>	<b>731,854</b>
Beginning net position	(692,092)	(230,268)	(461,824)
<b>Ending Net Position</b>	<b>\$ (422,062)</b>	<b>\$ (692,092)</b>	<b>\$ 270,030</b>

Revenues from governmental activities totaled \$8,462,760, which is a net increase of \$901,974 from the 2021 fiscal year. Operating grants and contributions increased \$610,895 mainly due to an increase in federal grant revenue for National School Breakfast and Lunch Program and Elementary and Secondary School Emergency Relief III. State aid - formula grants increased \$291,948 primarily due to an increase in state foundation revenue.

Expenses for governmental activities totaled \$8,192,730, which is a net increase of \$170,120 from the 2021 fiscal year. This increase is primarily related to increases in student transportation, food services, extracurricular activities, and plant maintenance.

# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**For The Year Ended August 31, 2022**

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the close of the fiscal year ending August 31, 2022, the District's combined governmental funds reported a fund balance of \$2,084,585. This compares to a combined fund balance of \$1,763,852 at **August 31, 2021**. The fund balance in the general fund increased primarily due to an increase in State program revenues. The debt service fund 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. 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 period ended August 31, 2022, 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 \$14,836 and the budgeted expenditures exceeded actual expenditures by \$409,729.

### **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, 2022, 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, 2022, the District had a total of \$8,414,210 invested in capital assets (net of accumulated depreciation) such as land, buildings, and District equipment. This total includes \$74,175 invested during the fiscal year ended August 31, 2022 as follows:

- Mower – \$11,907
- Power Edge R7525 – \$11,710
- Tractor – \$13,412
- Maintenance truck – \$26,283

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 \$7,087,525 in general obligation bonds, lease payables, and a note payable outstanding versus \$7,865,885 in the prior year.

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

# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***

**For The Year Ended August 31, 2022**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's budgeted expenditures for the 2022-2023 school year total \$7,674,902. The District's Board of Trustees adopted a Maintenance and Operations tax rate of \$0.90450 and an interest and sinking rate of \$0.29536 for a total of \$1.19966 per \$100 of property valuation.

### **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***

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF NET POSITION - EXHIBIT A-1*  
August 31, 2022

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 2,438,783
1220	Property taxes receivables	318,535
1230	Allowance for uncollectible taxes	(39,912)
		<u>2,717,406</u>
	Capital assets:	
1510	Land	81,380
1520	Buildings and improvements, net	7,959,860
1530	Equipment	122,212
1540	Vehicles	184,616
1550	Right-to-use leased equipment, net	66,142
		<u>8,414,210</u>
1000	<b>Total Assets</b>	<u>11,131,616</u>
	<b><u>Deferred Outflows of Resources</u></b>	
1700	Deferred charge on refunding	368,337
1705	Deferred outflows - pensions	459,586
1710	Deferred outflows - OPEB	469,820
1700	<b>Total Deferred Outflows of Resources</b>	<u>1,297,743</u>
	<b><u>Liabilities</u></b>	
2110	Accounts payable	22,190
2140	Accrued interest payable	12,958
2150	Payroll deductions and withholdings	110
2160	Accrued wages payable	229,672
2200	Accrued expenses	40,997
2300	Unearned revenue	37,344
		<u>343,271</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	815,428
2502	Long-term liabilities due in more than one year	6,877,586
2540	Net pension liability	683,665
2545	Net OPEB liability	1,899,030
		<u>10,275,709</u>
2000	<b>Total Liabilities</b>	<u>10,618,980</u>
	<b><u>Deferred Inflows of Resources</u></b>	
2605	Deferred inflows - pensions	752,849
2610	Deferred inflows - OPEB	1,479,592
2600	<b>Total Deferred Inflows of Resources</b>	<u>2,232,441</u>
	<b><u>Net Position</u></b>	
3200	Net investment in capital assets	1,089,533
	Restricted for:	
3820	Federal and state programs	10,136
3850	Debt service	669,050
3890	Other restrictions	18,340
3900	Unrestricted	(2,209,121)
3000	<b>Total Net Position</b>	<u>\$ (422,062)</u>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF ACTIVITIES - EXHIBIT B-1*  
For the Year Ended August 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		6 Governmental Activities	Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions		
	<b>Primary Government</b>					
	<b>Governmental Activities</b>					
11	Instruction	\$ 4,149,900	\$ -	\$ 966,414	\$ (3,183,486)	
12	Instructional resources and media services	76,727	-	3,816	(72,911)	
13	Curriculum/instructional staff development	40,446	-	8,782	(31,664)	
23	School leadership	414,030	-	30,727	(383,303)	
31	Guidance, counseling, and evaluation services	92,594	-	4,871	(87,723)	
33	Health services	89,873	-	5,957	(83,916)	
34	Student (pupil) transportation	318,390	-	16,757	(301,633)	
35	Food services	401,403	28,770	340,238	(32,395)	
36	Extracurricular activities	721,342	19,737	23,828	(677,777)	
41	General administration	523,827	-	36,444	(487,383)	
51	Plant maintenance and operations	946,329	-	210,716	(735,613)	
52	Security and monitoring services	5,804	-	149	(5,655)	
53	Data processing services	141,893	-	38,754	(103,139)	
72	Debt service - interest	207,924	-	14,561	(193,363)	
73	Debt service - issuance costs and fees	2,250	-	-	(2,250)	
92	Payments to shared services arrangements	60,000	-	-	(60,000)	
TG	<b>Total Governmental Activities</b>	<u>\$ 8,192,730</u>	<u>\$ 48,507</u>	<u>\$ 1,702,014</u>	<u>(6,442,209)</u>	
TP	<b>Total Primary Government</b>	<u>\$ 8,192,730</u>	<u>\$ 48,507</u>	<u>\$ 1,702,014</u>	<u>(6,442,209)</u>	
	<b>General Revenues</b>					
MT	Property taxes, levied for general purposes				2,698,759	
DT	Property taxes, levied for debt service				867,641	
SF	State aid - formula grants				3,011,983	
IE	Investment earnings				15,735	
MI	Miscellaneous local and intermediate revenue				118,121	
TR				<b>Total General Revenues</b>	<u>6,712,239</u>	
CN				<b>Change in Net Position</b>	<u>270,030</u>	
NB	Beginning net position				(692,092)	
NE				<b>Ending Net Position</b>	<u>\$ (422,062)</u>	

See Notes to Financial Statements.

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**BREMOND  
INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS - EXHIBIT C-1**

August 31, 2022

<b>Data Control Codes</b>	<b>10</b>	<b>50</b>	<b>98</b>	<b>Total</b>	
	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Governmental Funds</b>	
<b><u>Assets</u></b>					
1110	Cash and cash equivalents	\$ 1,625,643	\$ 669,050	\$ 87,043	\$ 2,381,736
1220	Taxes receivables	243,392	75,143	-	318,535
1230	Allowance for uncollectible taxes	(30,940)	(8,972)	-	(39,912)
1000	<b>Total Assets</b>	<b>\$ 1,838,095</b>	<b>\$ 735,221</b>	<b>\$ 87,043</b>	<b>\$ 2,660,359</b>
<b><u>Liabilities</u></b>					
2110	Accounts payable	\$ 8,041	\$ -	\$ 14,149	\$ 22,190
2150	Payroll deductions and withholdings	110	-	-	110
2160	Accrued wages payable	188,560	-	41,112	229,672
2200	Accrued expenditures	4,529	-	3,306	7,835
2300	Unearned revenue	37,344	-	-	37,344
2000	<b>Total Liabilities</b>	<b>238,584</b>	<b>-</b>	<b>58,567</b>	<b>297,151</b>
<b><u>Deferred Inflows of Resources</u></b>					
2600	Unavailable revenue - property taxes	212,452	66,171	-	278,623
<b><u>Fund Balances</u></b>					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	10,136	10,136
3480	Retirement of long-term debt	-	669,050	-	669,050
3490	Other restrictions	-	-	18,340	18,340
Committed:					
3510	Construction	599,267	-	-	599,267
3545	Other commitments	199,756	-	-	199,756
3600	Unassigned	588,036	-	-	588,036
3000	<b>Total Fund Balances</b>	<b>1,387,059</b>	<b>669,050</b>	<b>28,476</b>	<b>2,084,585</b>
4000	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,838,095</b>	<b>\$ 735,221</b>	<b>\$ 87,043</b>	<b>\$ 2,660,359</b>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R**  
**August 31, 2022**

Total fund balances for governmental funds		\$ 2,084,585
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	81,380	
Capital assets - depreciable	8,332,830	8,414,210
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		278,623
The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		23,885
Some liabilities, including bonds payable, net pension liability, total opeb liability, and lease liability, are not reported as liabilities in the governmental funds.		
Deferred charge on refunding	368,337	
Deferred outflows - pensions	459,586	
Deferred outflows - OPEB	469,820	
Deferred inflows - pensions	(752,849)	
Deferred inflows - OPEB	(1,479,592)	
Net pension liability	(683,665)	
Net OPEB liability	(1,899,030)	
Accrued interest payable	(12,958)	
Noncurrent liabilities due in one year	(815,428)	
Noncurrent liabilities due in more than one year	(6,877,586)	(11,223,365)
<b>Net Position of Governmental Activities</b>		<b>\$ (422,062)</b>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - EXHIBIT C-2**  
For the Year Ended August 31, 2022

Data Control Codes		10	50	98	
		General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 2,849,717	\$ 875,863	\$ 34,233	\$ 3,759,813
5800	State program revenues	3,313,343	14,561	55,099	3,383,003
5900	Federal program revenues	51,314	-	1,188,938	1,240,252
5020	<b>Total Revenues</b>	<u>6,214,374</u>	<u>890,424</u>	<u>1,278,270</u>	<u>8,383,068</u>
<b>Expenditures</b>					
0011	Instruction	3,129,023	-	710,678	3,839,701
0012	Instructional resources/media services	61,475	-	-	61,475
0013	Curriculum and instructional				
0013	staff development	22,928	-	7,366	30,294
0023	School leadership	392,193	-	-	392,193
0031	Guidance, counseling,				
0031	and evaluation services	67,686	-	-	67,686
0033	Health services	80,263	-	-	80,263
0034	Student (pupil) transportation	257,592	-	-	257,592
0035	Food services	-	-	354,202	354,202
0036	Extracurricular activities	344,145	-	4,404	348,549
0041	General administration	514,264	-	-	514,264
0051	Plant maintenance and operations	730,205	-	161,866	892,071
0052	Security and monitoring services	2,400	-	-	2,400
0053	Data processing services	106,510	-	31,194	137,704
<b>Debt service:</b>					
0071	Principal	94,223	695,000	-	789,223
0072	Interest	17,450	222,650	-	240,100
0073	Bond issuance costs and fees	-	2,250	-	2,250
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	-	-	3,231	3,231
<b>Intergovernmental:</b>					
0093	Payments to shared services				
0093	arrangements	60,000	-	-	60,000
6030	<b>Total Expenditures</b>	<u>5,880,357</u>	<u>919,900</u>	<u>1,272,941</u>	<u>8,073,198</u>
1100	<b>Excess (Deficiency) of Revenues</b>				
1100	<b>Over (Under) Expenditures</b>	<u>334,017</u>	<u>(29,476)</u>	<u>5,329</u>	<u>309,870</u>
<b>Other Financing Sources (Uses)</b>					
7913	Proceeds from right-to-use leased assets	10,863	-	-	10,863
7080	<b>Total Other Financing Sources</b>	<u>10,863</u>	<u>-</u>	<u>-</u>	<u>10,863</u>
1200	<b>Net Change in Fund Balances</b>	344,880	(29,476)	5,329	320,733
0100	Beginning fund balances	1,042,179	698,526	23,147	1,763,852
3000	<b>Ending Fund Balances</b>	<u>\$ 1,387,059</u>	<u>\$ 669,050</u>	<u>\$ 28,476</u>	<u>\$ 2,084,585</u>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - EXHIBIT C-3**  
**For the Year Ended August 31, 2022**

Net change in fund balances - total governmental funds	\$	320,733
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation, net of disposals		(1,053,645)
Capital outlay, net of disposals		69,175
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(11,050)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
Proceeds from right-to-use leased assets		(10,863)
Principal repayments on debt		789,223
Gain/loss on refunding, net of additions		(30,695)
Amortization of premiums, net of additions		59,891
Accrued interest		2,980
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in net pension liability		732,120
Amortization of deferred outflows - pensions		(728,898)
Amortization of deferred inflows - pensions		38,128
Change in net OPEB liability		(5,131)
Amortization of deferred outflows - OPEB		56,081
Amortization of deferred inflows - OPEB		58,129
Net on-behalf contributions adjustment - revenues		374,966
Net on-behalf contributions adjustment - expenses		(374,966)
Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.		
Fund level on-behalf adjustment - revenues		(284,224)
Fund level on-behalf adjustment - expenses		284,224
The internal service fund is used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		
		(16,148)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>270,030</b>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF NET POSITION*  
*PROPRIETARY FUND - EXHIBIT D-1*  
August 31, 2022

<b>Data Control Codes</b>		<b>Internal Service Public Entity Risk Pool</b>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 57,047
1000		<b>Total Assets</b>
		57,047
	<b><u>Liabilities</u></b>	
	Current liabilities:	
2200	Accrued expenses	33,162
2000		<b>Total Liabilities</b>
		33,162
	<b><u>Net Position</u></b>	
3900	Unrestricted net position	23,885
4000		<b>Total Net Position</b>
		\$ 23,885

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION*  
*PROPRIETARY FUND - EXHIBIT D-2*  
For the Year Ended August 31, 2022

<u>Data Control Dates</u>		<u>Internal Service Public Entity Risk Pool</u>
<b><u>Operating Revenues</u></b>		
5700	Local and intermediate sources	\$ 36,535
5020		<b>Total Operating Revenues</b>
		<u>36,535</u>
<b><u>Operating Expenses</u></b>		
6400	Other operating costs	52,683
6030		<b>Total Operating Expenses</b>
		<u>52,683</u>
		<b>Operating (Loss)</b>
		<u>(16,148)</u>
1200		<b>Change in Net Position</b>
		(16,148)
0100	Beginning net position	<u>40,033</u>
3000		<b>Ending Net Position</b>
		<u>\$ 23,885</u>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CASH FLOWS*  
*PROPRIETARY FUND - EXHIBIT D-3*  
For the Year Ended August 31, 2022

	<b>Internal Service</b>
	<b>Public Entity Risk Pool</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash received from customers	\$ 36,535
Cash payments to other suppliers for goods and services	(40,026)
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (3,491)</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(3,491)
Beginning cash and cash equivalents	60,538
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 57,047</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating (loss)	\$ (16,148)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
<b>Increase (Decrease) in:</b>	
Increase (decrease) in accrued expenses	12,657
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (3,491)</b>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUND - EXHIBIT E-1*  
August 31, 2022

<u>Data Control Codes</u>		<u>Custodial Fund Student Activity</u>
	<u>Assets</u>	
1110 1000	Cash and cash equivalents	\$ 96,438
	<b>Total Assets</b>	<b>96,438</b>
	<u>Net Position</u>	
3800 3000	Restricted for individuals and organizations	96,438
	<b>Total Net Position</b>	<b>\$ 96,438</b>

See Notes to Financial Statements.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
*FIDUCIARY FUND - EXHIBIT E-2*  
For the Year Ended August 31, 2022

	<u>Custodial Fund</u> <u>Student Activity</u>
<b><u>Additions</u></b>	
Student fees and dues	\$ 21,262
Fundraising	102,501
Gifts and bequests	7,083
Investment income	111
<b>Total Additions</b>	<u>130,957</u>
 <b><u>Deductions</u></b>	
Student activities	110,387
Scholaships	7,600
<b>Total Deductions</b>	<u>117,987</u>
<b>Change in Net Position</b>	12,970
Beginning net position	<u>83,468</u>
<b>Ending Net Position</b>	<u><u>\$ 96,438</u></u>

See Notes to Financial Statements.

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# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2022

### 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.

# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For The Year Ended August 31, 2022**

### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary fund. 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.

#### **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.

### **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.



# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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 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 resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary funds:

### **Custodial Fund**

The custodial fund reports resources, not in a trust, that are held by the District for other parties outside of the District. Custodial funds are 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 funds) 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.

## **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

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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 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 pool operates 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

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### 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.

### 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in note F.17 below). 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.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

- 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 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.

# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For The Year Ended August 31, 2022**

### **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 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.

# **BREMOND INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For The Year Ended August 31, 2022**

### **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.

### **16. Leases**

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

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

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

### 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.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. 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

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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 ended August 31, 2022, expenditures exceeded appropriations at the legal level of control as follows:

National School Breakfast and Lunch Program Fund	
Food services	\$ 73,436
Debt Service Fund	
Bond issuance costs and fees	\$ 1,500

## 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, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$247,031 and the bank balance was \$256,285. The District's cash deposits at August 31, 2022 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 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, 2022

As of August 31, 2022, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Investment pool:		
Lone Star	\$ 2,288,386	0.02
	<u>\$ 2,288,386</u>	
Portfolio weighted average maturity		0.02

*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, 2022, 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.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### B. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 81,380	\$ -	\$ -	\$ 81,380
<b>Total Capital Assets Not Being Depreciated</b>	<u>81,380</u>	<u>-</u>	<u>-</u>	<u>81,380</u>
Other capital assets:				
Buildings and improvements	26,311,251	-	-	26,311,251
Equipment	635,839	37,029	-	672,868
Vehicles	1,531,697	26,283	(5,000)	1,552,980
Right-to-use leased equipment	71,932	10,863	-	82,795
<b>Total Other Capital Assets</b>	<u>28,550,719</u>	<u>74,175</u>	<u>(5,000)</u>	<u>28,619,894</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,425,834)	(925,557)	-	(18,351,391)
Equipment	(520,964)	(29,692)	-	(550,656)
Vehicles	(1,286,621)	(86,743)	5,000	(1,368,364)
Right-to-use leased equipment	-	(16,653)	-	(16,653)
<b>Total Accumulated Depreciation</b>	<u>(19,233,419)</u>	<u>(1,058,645)</u>	<u>5,000</u>	<u>(20,287,064)</u>
Other capital assets, net	<u>9,317,300</u>	<u>(984,470)</u>	<u>-</u>	<u>8,332,830</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 9,398,680</u>	<u>\$ (984,470)</u>	<u>\$ -</u>	<u>8,414,210</u>
			Less associated debt	(7,693,014)
			Plus deferred charge on refunding	368,337
			<b>Net Investment in Capital Assets</b>	<u>\$ 1,089,533</u>

Depreciation was charged to governmental functions as follows:

	<u>Governmental Activities</u>
11 Instruction	\$ 342,374
12 Instructional resources and media services	15,122
13 Curriculum and instructional staff development	10,082
23 School leadership	25,204
31 Guidance, counseling, and evaluation services	25,204
33 Health services	10,082
34 Student (pupil) transportation	87,040
35 Food services	51,186
36 Extracurricular activities	373,677
41 General administration	11,448
51 Plant maintenance and operations	99,313
52 Security and monitoring services	3,398
53 Data processing services	4,515
<b>Total Depreciation Expense</b>	<u>\$ 1,058,645</u>

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### 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>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
Series 2015	\$ 1,260,000	\$ -	\$ (300,000)	\$ 960,000	\$ 310,000
Series 2016	6,335,000	-	(395,000)	5,940,000	410,000
Leases payable	71,932	10,863	(30,015)	52,780	29,133
Direct borrowings/placements:					
Ideal impact - energy project	198,953	-	(64,208)	134,745	66,295
	<u>7,865,885</u>	<u>10,863</u>	<u>(789,223)</u>	<u>7,087,525</u>	<u>815,428</u>
Other liabilities:					
Unamortized premium/discount	665,380	-	(59,891)	605,489	*
Net pension liability	1,415,785	-	(732,120)	683,665	-
Net OPEB liability	1,893,899	5,131	-	1,899,030	-
<b>Total Governmental     Activities</b>	<u>\$ 11,840,949</u>	<u>\$ 15,994</u>	<u>\$ (1,581,234)</u>	<u>\$ 10,275,709</u>	<u>\$ 815,428</u>
				<u>\$ 9,460,281</u>	
				<u>\$ 7,693,014</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% to 4%.

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$134,745 contain a provision that, in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<b>General Obligation Bonds</b>		
Series 2015	2.00% - 3.00%	\$ 960,000
Series 2016	0.00% - 4.00%	5,940,000
<b>Direct Borrowings/Placements</b>		
Ideal impact - energy project	3.25%	134,745
<b>Leases Payable</b>		
Right-to-use leased equipment	5.00%	52,780
<b>Total</b>		<u>\$ 7,087,525</u>

**BREMOND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For The Year Ended August 31, 2022**

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

<b>Fiscal Year Ended Aug 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	\$ 720,000	\$ 198,450	\$ 918,450
2024	750,000	172,600	922,600
2025	775,000	145,650	920,650
2026	465,000	122,900	587,900
2027	485,000	104,300	589,300
2028-2032	2,580,000	418,988	2,998,988
2033-2036	1,125,000	50,850	1,175,850
Total	<u>\$ 6,900,000</u>	<u>\$ 1,213,738</u>	<u>\$ 8,113,738</u>

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

<b>Fiscal Year Ended Aug 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	\$ 66,295	\$ 4,379	\$ 70,674
2024	68,450	2,225	70,675
Total	<u>\$ 134,745</u>	<u>\$ 6,604</u>	<u>\$ 141,349</u>

During the current fiscal year, the District was in lease agreements as the lessee for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$71,932 during the current fiscal year. A new lease in the amount of \$10,863 was entered into during the year. The District made monthly principal and interest payments of \$2,910 during the current fiscal year. The leases have an interest rate of 5%. The equipment has a five-year estimated useful life. The value of the right-to-use lease assets as of the end of the current fiscal year was \$82,795 and had accumulated amortization of \$16,653.

The debt service requirements for leases payable are as follows:

<b>Fiscal Year Ended Aug 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	\$ 29,133	\$ 1,897	\$ 31,030
2024	10,639	941	11,580
2025	8,894	406	9,300
2026	2,307	153	2,460
2027	1,807	38	1,845
Total	<u>\$ 52,780</u>	<u>\$ 3,435</u>	<u>\$ 56,215</u>

**D. Interfund Transactions**

There were no interfund balances and transfers as of August 31, 2022.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### 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 the 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.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### Pension Plan Fiduciary Net Position

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

### Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in 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 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's unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by TRS's actuary.

### 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. Senate Bill 12 of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

<u>Fiscal Year</u>	<u>Contribution Rates</u>		
	<u>State</u>	<u>Public Education Employer</u>	<u>Active Employee</u>
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%

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

	Contribution Rates	
	2021	2022
Medicare	7.7%	8.0%
NECE (State)	7.5%	7.8%
Employers	7.5%	7.5%

  

	Measurement Year (2021)	Fiscal Year (2022)
	District contributions	\$ 114,563
Member contributions	\$ 298,688	\$ 321,508
NECE on-behalf contributions	\$ 237,661	\$ 229,040

Contributors to TRS include members, employers, and the State as the only nonemployer 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 (GAA).

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 schools, junior colleges, 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 or 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.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member’s salary beginning in fiscal year 2021, gradually increasing to 2.0% in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### Actuarial Assumptions

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

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2020	1.95% - The 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"
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%, including inflation
Benefit changes during the year	None
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, 2020. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 2020.

### 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's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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.



# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2021 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
**As of August 31, 2021**

Asset Class	Target Allocation (1)	Long-Term Expected Arithmetic Real Rate of Return (2)	Long-Term Expected Geometric Real Rate of Return (3)
<b>Global Equity</b>			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.00%	2.80%	0.28%
<b>Leverage</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag(3)</b>			-0.95%
<b>Total</b>	<u>100.00%</u>	<u>34.50%</u>	<u>6.90%</u>

(1) Target allocations are based on the FY2021 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

### Discount Rate Sensitivity Analysis

The following table presents the net pension liability (NPL) of TRS using the discount rate of 7.25%, and what the NPL would be if it was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 1,493,916	\$ 683,665	\$ 26,305

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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

At August 31, 2022, the District reported a liability of \$683,665 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	\$	683,665
State's proportionate share that is associated with the District		1,418,257
<b>Total</b>	<b>\$</b>	<b><u>2,101,922</u></b>

The NPL was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. 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, 2020 through August 31, 2021.

At August 31, 2022, the District's proportion of the collective NPL was 0.0026846%, which was an increase of 0.0000411% from its proportion measured as of August 31, 2021.

### Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$5,670 and revenue of \$5,670 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual economic experience	\$ 1,144	\$ (48,131)
Changes in actuarial assumptions	241,662	(105,344)
Difference between projected and actual investment earnings	-	(573,244)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	82,141	(26,130)
Contributions paid to TRS subsequent to the measurement date	134,639	-
<b>Total</b>	<b><u>\$ 459,586</u></b>	<b><u>\$ (752,849)</u></b>

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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:

<u>Fiscal Year Ended August 31</u>	<u>Pension Expense</u>
2023	\$ (71,375)
2024	(73,576)
2025	(119,203)
2026	(163,725)
2027	350
Thereafter	(373)
<b>Total</b>	<b>\$ (427,902)</b>

### D. Defined Other Postemployment Benefits Plan

#### Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan with a special funding situation. TRS-Care was established in 1986 by the Texas Legislature.

The TRS Board of Trustees (the “Board”) administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

#### OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of TRS-Care as of August 31, 2021 are as follows:

Total OPEB liability	\$ 41,113,711,083
Less: plan fiduciary net position	<u>(2,539,242,470)</u>
<b>Net OPEB Liability</b>	<b>\$ <u>38,574,468,613</u></b>
Net position as a percentage of total OPEB liability	-6.18%

#### Benefits Provided

TRS-Care provides health insurance coverage, to 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.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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

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

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

*\*or surviving spouse*

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

The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates		
	2021	2022
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%

	Measurement Year (2021)	Fiscal Year (2022)
District contributions	\$ 38,460	\$ 36,497
Member contributions	\$ 12,328	\$ 13,061
NECE on-behalf contributions	\$ 51,528	\$ 50,236

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

### Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

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. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

- |                         |                        |
|-------------------------|------------------------|
| 1. Rates of Mortality   | 4. Rates of Disability |
| 2. Rates of Retirement  | 5. General Inflation   |
| 3. Rates of Termination | 6. Wage Inflation      |

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

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2020 rolled forward to 8/31/2021
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount rate	1.95% as of August 31, 2021
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	Medical trend rates: 8.50% (Medicare retirees) and 7.10% (non-Medicare retirees). Prescription drug trend rate: 8.50%
Election rates	Normal retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc postemployment benefits changes	None

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

### Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% 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 was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

### 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% lower than or 1% higher than the discount rate that was used (1.95%) in measuring the net OPEB liability:

	<b>1% Decrease in Discount Rate (0.95%)</b>	<b>Current Single Discount Rate (1.95%)</b>	<b>1% Increase in Discount Rate (2.95%)</b>
District's proportionate share of net OPEB liability	\$ 2,290,668	\$ 1,899,030	\$ 1,590,799

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate, 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:

	<b>1% Decrease in Healthcare Cost Trend Rate</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase in Healthcare Cost Trend Rate</b>
District's proportionate share of net OPEB liability	\$ 1,538,152	\$ 1,899,030	\$ 2,383,240

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

At August 31, 2021, the District reported a liability of \$1,899,030 for its proportionate share of TRS-Care’s net OPEB liability. This liability reflects a reduction for state OPEB support provided to the District.

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	1,899,030
State's proportionate share that is associated with the District		2,544,278
<b>Total</b>	<b>\$</b>	<b><u><u>4,443,308</u></u></b>

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0049230%, compared to 0.0049820% as of August 31, 2021.

### 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 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$93,903 and revenue of \$93,903 for support provided by the State.

At August 31, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 81,762	\$ (919,264)
Changes in actuarial assumptions	210,340	(401,610)
Differences between projected and actual investment earnings	2,062	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	139,159	(158,718)
Contributions paid to TRS subsequent to the measurement date	36,497	-
<b>Total</b>	<b><u><u>\$ 469,820</u></u></b>	<b><u><u>\$ (1,479,592)</u></u></b>

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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:

<b>Fiscal Year Ended August 31</b>	<b>Expense Amount</b>
2023	\$ (209,206)
2024	(209,253)
2025	(209,240)
2026	(159,252)
2027	(91,577)
Thereafter	(167,741)
	<u>\$ (1,046,269)</u>

### 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, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$17,136, \$17,556, and \$16,072, respectively.

### **E. Employee Health Care Coverage**

During the year ended August 31, 2022, 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, 2022, and terms of coverage and premiums costs are included in the contractual provisions.

### **F. Workers' Compensation**

During the year ended August 31, 2022, 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, 2022, 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



# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

included \$33,162 in claims that were unpaid and \$10,907 in estimated claims incurred, but not reported.

The claims liability is based on estimates of the ultimate cost of reported claims (including future claims 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	
	2022	2021
Claims liability at beginning of the year	\$ 20,505	\$ 19,902
Current year claims and estimated changes	31,496	3,266
Claims payments	(18,839)	(2,663)
Claims liability at year end	<u>\$ 33,162</u>	<u>\$ 20,505</u>

### G. Unemployment Compensation

During the year ended August 31, 2022, 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, 2022, 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, 2021 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 \$1,301 as expenditures incurred on behalf of the District.

The District participates in an SSA for the education of career and technology students, funded under Perkins V: Strengthening Career and Technical Education for the 21<sup>st</sup> Century. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center–

# BREMOND INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended August 31, 2022

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 \$6,680 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 \$160,900 as expenditures incurred on behalf of the District.

### I. Prior Period Adjustment

Beginning net position was restated to recognize the net position based on the District's implementation of GASB Statement No. 87, *Leases*.

	<b>Governmental Activities</b>
Beginning net position - as reported	\$ (692,092)
Lease liability adjustment	(71,932)
Right-to-use leased equipment	71,932
Beginning net position - restated	<u>\$ (692,092)</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE*  
*BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1*  
For the Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final		
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 2,820,100	\$ 2,820,100	\$ 2,849,717	\$ 29,617
5800	State program revenues	3,369,438	3,369,438	3,313,343	(56,095)
5900	Federal program revenues	10,000	10,000	51,314	41,314
5020	<b>Total Revenues</b>	<u>6,199,538</u>	<u>6,199,538</u>	<u>6,214,374</u>	<u>14,836</u>
<b>Expenditures</b>					
0011	Instruction	3,302,113	3,269,038	3,129,023	140,015
0012	Instructional resources and media services	64,119	64,119	61,475	2,644
0013	Curriculum/instructional staff development	26,900	26,900	22,928	3,972
0023	School leadership	397,468	397,468	392,193	5,275
0031	Guidance, counseling, and evaluation services	68,662	68,662	67,686	976
0033	Health services	84,236	84,236	80,263	3,973
0034	Student (pupil) transportation	329,906	329,906	257,592	72,314
0036	Extracurricular activities	350,311	350,311	344,145	6,166
0041	General administration	541,178	541,178	514,264	26,914
0051	Plant maintenance and operations	830,902	830,902	730,205	100,697
0052	Security and monitoring services	4,000	4,000	2,400	1,600
0053	Data processing services	142,617	142,617	106,510	36,107
<b>Debt service:</b>					
0071	Principal	70,674	94,799	94,223	576
0072	Interest	8,500	17,450	17,450	-
<b>Intergovernmental:</b>					
0093	Payments to shared services arrangements	68,500	68,500	60,000	8,500
6030	<b>Total Expenditures</b>	<u>6,290,086</u>	<u>6,290,086</u>	<u>5,880,357</u>	<u>409,729</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(90,548)</u>	<u>(90,548)</u>	<u>334,017</u>	<u>424,565</u>
<b>Other Financing Sources (Uses)</b>					
7913	Proceeds from right-to-use leased assets	-	-	10,863	10,863
8911	Transfers	65,000	65,000	-	(65,000)
7080	<b>Total Other Financing Sources</b>	<u>65,000</u>	<u>65,000</u>	<u>10,863</u>	<u>(54,137)</u>
1200	<b>Net Change in Fund Balance</b>	<u>(25,548)</u>	<u>(25,548)</u>	<u>344,880</u>	<u>370,428</u>
0100	Beginning fund balance	1,042,179	1,042,179	1,042,179	-
3000	<b>Ending Fund Balance</b>	<u>\$ 1,016,631</u>	<u>\$ 1,016,631</u>	<u>\$ 1,387,059</u>	<u>\$ 370,428</u>

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE*  
*OF THE NET PENSION LIABILITY*  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2**  
For the Periods Ended as Indicated

	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the net pension liability (asset)	0.0026846%	0.0026435%	0.0025515%	0.0025976%
District's proportionate share of the net pension liability (asset)	\$ 683,665	\$ 1,415,785	\$ 1,326,341	\$ 1,429,756
State's proportionate share of the net pension liability (asset) associated with the District	1,418,257	2,970,582	2,556,655	2,791,926
<b>Total</b>	<u>\$ 2,101,922</u>	<u>\$ 4,386,367</u>	<u>\$ 3,882,996</u>	<u>\$ 4,221,682</u>
District's covered payroll**	\$ 3,879,066	\$ 3,758,660	\$ 3,200,729	\$ 3,141,370
District's proportionate share of the net pension liability as a percentage of its covered payroll	17.62%	37.67%	41.44%	45.51%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.24%	75.24%	73.74%

\* Only eight years' worth of information is currently available.

\*\* As of the measurement date.

**Notes to Required Supplementary Information:**

1. *Changes in Assumptions:* There were no changes of assumptions that affected measurement of the total pension liability (TPL) during the measurement period.

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

**Measurement Year\***

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0023319%	0.0025173%	0.0026712%	0.0011514%
\$ 745,615	\$ 951,238	\$ 944,234	\$ 307,554
2,007,591	2,673,564	2,397,145	1,998,511
<u>\$ 2,753,206</u>	<u>\$ 3,624,802</u>	<u>\$ 3,341,379</u>	<u>\$ 2,306,065</u>
\$ 3,351,385	\$ 3,599,039	\$ 3,338,087	\$ 3,107,670
22.25%	26.43%	28.29%	9.90%
82.17%	78.00%	78.43%	83.25%

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3**  
For the Periods Ended as Indicated

	Fiscal Year*			
	2022	2021	2020	2019
Contractually required contribution	\$ 134,639	\$ 114,046	\$ 109,886	\$ 89,240
Contributions in relations to the contractually required contribution	134,639	114,046	109,886	89,240
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,018,846	\$ 3,879,066	\$ 3,758,660	\$ 3,200,729
Contributions as a percentage of covered payroll	3.35%	2.94%	2.92%	2.79%



**Fiscal Year\***

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 93,683	\$ 76,426	\$ 79,980	\$ 79,084	\$ 29,190	\$ 25,781
93,683	76,426	79,980	79,084	29,190	25,781
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,141,370	\$ 3,351,385	\$ 3,599,039	\$ 3,338,087	\$ 3,107,670	\$ 3,109,486
2.98%	2.28%	2.22%	2.37%	0.94%	0.83%

**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") - EXHIBIT G-4**  
For the Periods Ended as Indicated

	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the collective net OPEB liability (asset)	0.0049230%	0.0049820%	0.0046980%	0.0047388%
District's proportionate share of the collective net OPEB liability (asset)	\$ 1,899,030	\$ 1,893,899	\$ 2,221,757	\$ 2,366,130
State's proportionate share of the collective net OPEB liability (asset) associated with the District	2,544,278	2,544,946	2,952,216	2,651,885
Total	<u>\$ 4,443,308</u>	<u>\$ 4,438,845</u>	<u>\$ 5,173,973</u>	<u>\$ 5,018,015</u>
District's covered payroll**	\$ 3,879,066	\$ 3,758,660	\$ 3,200,729	\$ 3,141,370
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	48.96%	50.39%	69.41%	75.32%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%

\* Only five years' worth of information is currently available.

**Notes to Required Supplementary Information:**

1. *Changes in Assumptions:*

The discount rate was changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

2. *Changes in Benefits:*

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

**Measurement  
Year\***

**2017**

0.0050569%

\$ 2,199,066

2,668,193

\$ 4,867,259

\$ 3,351,385

65.62%

0.91%

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
*TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES*  
**GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-5**  
For the Periods Ended as Indicated

	Fiscal Year*			
	2022	2021	2020	2019
Statutorily required contributions	\$ 36,497	\$ 38,405	\$ 37,867	\$ 30,900
Contributions in relations to the statutorily required contributions	36,497	38,405	37,867	30,900
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,018,846	\$ 3,879,066	\$ 3,758,660	\$ 3,200,729
Contributions as a percentage of covered payroll	0.91%	0.99%	1.01%	0.97%

\* Only five years' worth of information is currently available.

<b>Fiscal Year*</b>	
<b>2018</b>	
\$	30,900
	30,900
<u>\$</u>	<u>-</u>
	3,141,370
	0.98%

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***OTHER SUPPLEMENTARY  
INFORMATION***

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)**  
August 31, 2022

Data Control Codes		Special Revenue Funds			
		211	240	255	281
		Part A Improving Basic Prog	National School Breakfast and Lunch Program	ESEA Title II Part A Training	ESSER II of the CRRSA Act
<b><u>Assets</u></b>					
1110	Cash and cash equivalents	\$ 7,884	\$ 31,590	\$ 1,419	\$ -
1000	<b>Total Assets</b>	<u>\$ 7,884</u>	<u>\$ 31,590</u>	<u>\$ 1,419</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>					
2110	Accounts payable	\$ -	\$ 14,149	\$ -	\$ -
2160	Accrued wages payable	7,426	6,624	1,360	-
2200	Accrued expenditures	458	681	59	-
2000	<b>Total Liabilities</b>	<u>7,884</u>	<u>21,454</u>	<u>1,419</u>	<u>-</u>
<b><u>Fund Balances</u></b>					
Restricted:					
3450	Federal/state fund grant restrictions	-	10,136	-	-
3490	Other restrictions	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>10,136</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,884</u>	<u>\$ 31,590</u>	<u>\$ 1,419</u>	<u>\$ -</u>



**Special Revenue Funds**

282	289	410	429	461	
<b>ESSER II of the ARP Act</b>	<b>Miscellaneous Federal Grants</b>	<b>State Textbook</b>	<b>Miscellaneous State Grants</b>	<b>Campus Activity</b>	<b>Capital Projects</b>
\$ 27,001	\$ 809	\$ -	\$ -	\$ 18,340	\$ -
<u>\$ 27,001</u>	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,340</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,976	726	-	-	-	-
2,025	83	-	-	-	-
<u>27,001</u>	<u>809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	18,340	-
-	-	-	-	<u>18,340</u>	<u>-</u>
<u>\$ 27,001</u>	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,340</u>	<u>\$ -</u>

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 2)**  
 August 31, 2022

<b>Data Control Codes</b>		<b>Total Nonmajor Governmental Funds</b>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 87,043
1000	<b>Total Assets</b>	<b>\$ 87,043</b>
	<b><u>Liabilities</u></b>	
2110	Accounts payable	\$ 14,149
2160	Accrued wages payable	41,112
2200	Accrued expenditures	3,306
2000	<b>Total Liabilities</b>	<b>58,567</b>
	<b><u>Fund Balances</u></b>	
	Restricted:	
3450	Federal/state fund grant restrictions	10,136
3490	Other restrictions	18,340
3000	<b>Total Fund Balances</b>	<b>28,476</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 87,043</b>

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)**  
For the Year Ended August 31, 2022

Data Control Codes		Special Revenue Funds			
		211	240	255	281
		Part A Improving Basic Prog	National School Breakfast and Lunch Program	ESEA Title II Part A Training	ESSER II of the CRRSA Act
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ -	\$ 28,770	\$ -	\$ -
5800	State program revenues	-	4,682	-	-
5900	Federal program revenues	142,307	313,838	20,854	240,287
5020	<b>Total Revenues</b>	<u>142,307</u>	<u>347,290</u>	<u>20,854</u>	<u>240,287</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	134,941	-	20,854	90,661
0013	Curriculum/instructional				
0013	staff development	7,366	-	-	-
0035	Food service	-	339,789	-	12,760
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	136,866
0053	Data processing services	-	-	-	-
<b>Capital outlay:</b>					
0081	Facilities acquisition and				
0081	construction	-	-	-	-
6030	<b>Total Expenditures</b>	<u>142,307</u>	<u>339,789</u>	<u>20,854</u>	<u>240,287</u>
1200	<b>Net Change in Fund Balances</b>	-	7,501	-	-
0100	Beginning fund balances	-	2,635	-	-
3000	<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ 10,136</u>	<u>\$ -</u>	<u>\$ -</u>

**Special Revenue Funds**

<b>282</b>	<b>289</b>	<b>410</b>	<b>429</b>	<b>461</b>	
<b>ESSER II of the ARP Act</b>	<b>Miscellaneous Federal Grants</b>	<b>State Textbook</b>	<b>Miscellaneous State Grants</b>	<b>Campus Activity</b>	<b>Capital Projects</b>
\$ -	\$ -	\$ -	\$ -	\$ 5,462	\$ 1
-	-	25,417	25,000	-	-
419,348	52,304	-	-	-	-
<u>419,348</u>	<u>52,304</u>	<u>25,417</u>	<u>25,000</u>	<u>5,462</u>	<u>1</u>
417,695	21,110	25,417	-	-	-
-	-	-	-	-	-
1,653	-	-	-	-	-
-	-	-	-	4,404	-
-	-	-	25,000	-	-
-	31,194	-	-	-	-
-	-	-	-	-	3,231
<u>419,348</u>	<u>52,304</u>	<u>25,417</u>	<u>25,000</u>	<u>4,404</u>	<u>3,231</u>
-	-	-	-	1,058	(3,230)
-	-	-	-	17,282	3,230
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,340</u>	<u>\$ -</u>

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)**  
For the Year Ended August 31, 2022

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<b><u>Revenues</u></b>	
5700	Local, intermediate, and out-of-state	\$ 34,233
5800	State program revenues	55,099
5900	Federal program revenues	1,188,938
5020	<b>Total Revenues</b>	<u>1,278,270</u>
	<b><u>Expenditures</u></b>	
	<b>Current:</b>	
0011	Instruction	710,678
0013	Curriculum/instructional	
0013	staff development	7,366
0035	Food service	354,202
0036	Extracurricular activities	4,404
0051	Plant maintenance and operations	161,866
0053	Data processing services	31,194
	<b>Capital outlay:</b>	
0081	Facilities acquisition and	
0081	construction	3,231
6030	<b>Total Expenditures</b>	<u>1,272,941</u>
1200	<b>Net Change in Fund Balances</b>	5,329
0100	Beginning fund balances	<u>23,147</u>
3000	<b>Ending Fund Balances</b>	<u>\$ 28,476</u>

**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1*  
For the Year Ended August 31, 2022

Last Ten Fiscal Years	1		2		3	
	Tax Rates				Net Assessed/ Appraised Value For School Tax Purposes	
	Maintenance	Debt Service	Maintenance	Debt Service	Various	
2013 and prior	Various		Various		Various	
2014	\$ 1.0400	\$ 0.3784	\$ 1.0400	\$ 0.3784	\$ 323,570,064	
2015	\$ 1.0400	\$ 0.3248	\$ 1.0400	\$ 0.3248	\$ 365,698,776	
2016	\$ 1.0400	\$ 0.3248	\$ 1.0400	\$ 0.3248	\$ 405,772,079	
2017	\$ 1.0400	\$ 0.3033	\$ 1.0400	\$ 0.3033	\$ 331,677,726	
2018	\$ 1.0400	\$ 0.3033	\$ 1.0400	\$ 0.3033	\$ 337,173,187	
2019	\$ 1.0400	\$ 0.3033	\$ 1.0400	\$ 0.3033	\$ 272,800,188	
2020	\$ 0.9700	\$ 0.3033	\$ 0.9700	\$ 0.3033	\$ 279,275,946	
2021	\$ 0.9700	\$ 0.3033	\$ 0.9700	\$ 0.3033	\$ 270,010,935	
2022	\$ 0.9634	\$ 0.3099	\$ 0.9634	\$ 0.3099	\$ 276,554,879	
<b>1000 Totals</b>						



<b>10</b>	<b>20</b>	<b>31</b>	<b>32</b>	<b>40</b>	<b>50</b>
<b>Beginning Balance 9/1/21</b>	<b>Current Year's Total Levy</b>	<b>Maintenance Total Collected</b>	<b>Debt Service Total Collected</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 8/31/22</b>
\$ 42,233	\$ -	\$ 2,560	\$ 684	\$ (12)	\$ 38,977
8,432	-	345	125	-	7,962
14,574	-	351	108	-	14,115
11,471	-	249	77	-	11,145
11,552	-	1,680	489	32	9,415
21,759	-	4,766	1,390	(305)	15,298
29,614	-	5,563	1,622	(494)	21,935
57,457	-	10,757	3,363	(1,567)	41,770
132,442	-	45,522	14,234	(3,398)	69,288
-	3,521,373	2,597,271	835,472	-	88,630
<u>\$ 329,534</u>	<u>\$ 3,521,373</u>	<u>\$ 2,669,064</u>	<u>\$ 857,564</u>	<u>\$ (5,744)</u>	<u>\$ 318,535</u>

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*BUDGETARY COMPARISON SCHEDULE*  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2**  
For the Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 60,000	\$ 60,000	\$ 28,770	\$ (31,230)
5800	State program revenues	5,000	5,000	4,682	(318)
5900	Federal program revenues	180,000	180,000	313,838	133,838
5020	<b>Total Revenues</b>	<u>245,000</u>	<u>245,000</u>	<u>347,290</u>	<u>102,290</u>
<b>Expenditures</b>					
Current:					
0035	Food services	266,353	266,353	339,789	(73,436) *
6030	<b>Total Expenditures</b>	<u>266,353</u>	<u>266,353</u>	<u>339,789</u>	<u>(73,436)</u>
1100	<b>Excess (Deficiency) of Revenues</b>				
1100	<b>Over (Under) Expenditures</b>	<u>(21,353)</u>	<u>(21,353)</u>	<u>7,501</u>	<u>28,854</u>
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	65,000	65,000	-	(65,000)
7080	<b>Total Other Financing Sources</b>	<u>65,000</u>	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>
1200	<b>Net Change in Fund Balance</b>	43,647	43,647	7,501	(36,146)
0100	Beginning fund balance	2,635	2,635	2,635	-
3000	<b>Ending Fund Balance</b>	<u>\$ 46,282</u>	<u>\$ 46,282</u>	<u>\$ 10,136</u>	<u>\$ (36,146)</u>

**Notes to 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.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*BUDGETARY COMPARISON SCHEDULE*  
*DEBT SERVICE FUND - EXHIBIT J-3*  
For the Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 840,000	\$ 840,000	\$ 875,863	\$ 35,863
5800	State program revenues	-	-	14,561	14,561
5020	<b>Total Revenues</b>	<u>840,000</u>	<u>840,000</u>	<u>890,424</u>	<u>50,424</u>
<b>Expenditures</b>					
<b>Debt service:</b>					
0071	Principal	695,000	695,000	695,000	-
0072	Interest	222,650	222,650	222,650	-
0073	Bond issuance costs and fees	750	750	2,250	(1,500) *
6030	<b>Total Expenditures</b>	<u>918,400</u>	<u>918,400</u>	<u>919,900</u>	<u>(1,500)</u>
1200	<b>Net Change in Fund Balance</b>	(78,400)	(78,400)	(29,476)	(48,924)
0100	Beginning fund balance	698,526	698,526	698,526	-
3000	<b>Ending Fund Balance</b>	<u>\$ 620,126</u>	<u>\$ 620,126</u>	<u>\$ 669,050</u>	<u>\$ (48,924)</u>

**Notes for 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.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*USE OF FUNDS REPORT*  
**SELECT STATE ALLOTMENT PROGRAM**  
For the Year Ended August 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 382,299
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 295,180
<b><u>Section B: Bilingual Education Programs</u></b>		
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 11,331
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 6,412

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***OTHER COMPLIANCE SECTION***

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**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**

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2022.

**Report on Internal Control Over Financial Reporting**

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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  
November 30, 2022



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

To the Board of Trustees of  
Bremond Independent School District:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Bremond Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 30, 2022

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS*  
For the Year Ended August 31, 2022

**A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None noted



**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
For the Year Ended August 31, 2022

**I. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

What were the results of the auditors' determination of whether the financial statements were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the auditors' report?	No
Is a significant deficiency in internal control disclosed?	No
Is a material weakness in internal control disclosed?	No
Is a material noncompliance disclosed?	No

*Federal Programs*

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	No
Does the auditors' report include a statement that the financial statements include departments, agencies, or other organizational units expending federal awards which are not included in this audit?	No
What is the dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Did the auditee qualify as low-risk auditee?	No

*Major Program Information and Audit Findings*

Identification of major programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
84.425D, 84.425U	ESSER	0

Type of audit report issued on compliance for major programs	Unmodified
--	------------

**II. FINANCIAL STATEMENT FINDINGS**

None identified.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None identified.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1*  
For the Year Ended August 31, 2022

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010A	22610101198901	\$ 142,307
Title II, Part A, Supporting Effective Instruction	84.367A	22694501198901	20,854
Title IV, Part A	84.424A	22680101198901	10,777
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	21521001198901	240,287
COVID-19 Education Stabilization Fund (ESSER III)	84.425U	21528001198901	419,348
<i>Direct Program</i>			
Small, Rural School Achievement Program	84.358A	S358A202875	3,087
Small, Rural School Achievement Program	84.358A	S358A213749	38,440
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>875,100</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through State Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Programs*	10.553	806780706	50,979
National School Lunch*	10.555	806780706	222,444
<i>Passed Through Texas Department of Agriculture</i>			
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	226TX109S9009	614
<i>Direct Program</i>			
Supply Chain Assistance	10.555	226TX400N8903	14,876
USDA Commodities	10.565	806780706	24,925
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>313,838</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,188,938</b>

\* Indicates clustered program under OMB Compliance Supplement

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 1,188,938
SHARS	51,314
C-2 Federal revenue	\$ 1,240,252

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2022

**NOTE 1: BASIS OF PRESENTATION**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: DONATED PERSONAL PROTECTIVE PPE (UNAUDITED)**

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District did not receive any PPE donations funded by federal assistance funds during the reporting year.

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**BREMOND**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO*  
**SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1**  
For the Year Ended August 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
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, Texas Workforce Commission, Internal Revenue, and other governmental agencies?	Yes
SF4	Was the District 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 capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$ <u><u>-</u></u>

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