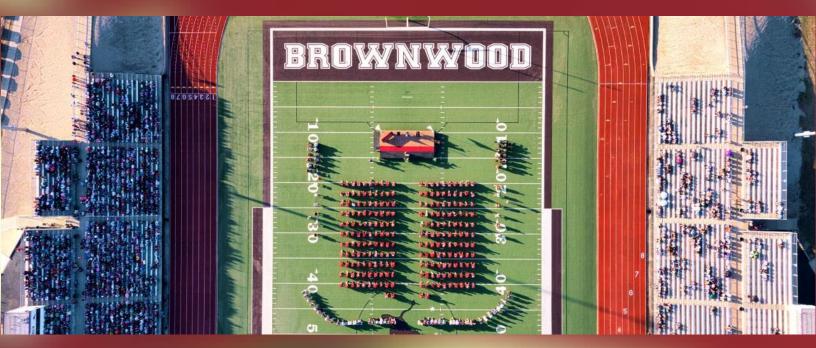
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022





Brownwood, Texas

BROWNWOOD INDEPENDENT SCHOOL DISTRICT ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2022

Prepared by: Brownwood ISD Business Office

Mitchell Moore Assistant Superintendent of Business and Finance

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

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CERTIFICATE OF THE BOARD

Brownwood Independent School District Name of School District

Brown County 025-902 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 9th day of January, 2023.

Signature Board Secretary of

signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees Brownwood Independent School District Brownwood, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownwood 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 accompanying financial statements 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 Brownwood Independent School District, as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending August 31, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2023, 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas January 9, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Brownwood Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the independent auditor's report, and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$6,740,244 (net position).
- The District's total combined governmental fund balances at August 31, 2022 were \$9,495,525 compared to \$7,799,626 at August 31, 2021.
- During the year, the District's revenues of \$44,108,135 generated from taxes, state funding, and other revenues for governmental activities, were \$2,949,262 more than the \$41,158,873 in expenses. The general fund revenues and other financing sources exceeded expenditures by \$1,084,000. The debt service fund revenues were more than expenditures by \$89,253.
- The total cost of the District's programs decreased approximately 0.4% versus the prior year. The District's revenues increased approximately 1.1% due to the addition of new funding sources, increased state revenues, and increased property tax values outpacing a reduction in the tax rates.
- In the general fund, the resources available for appropriation were approximately \$473,570 more than the amended budget. The District received more state revenues than the budgeted amount. Expenditures were \$791,280 less than the original budget due to various cost saving measures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee.

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

The combining statements for nonmajor funds are presented immediately following the required supplementary information and contain even more information about the District's individual funds. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that provides a budgetary schedule for the General Fund. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities. The analysis of the District's overall financial condition and operations begins with the statement of net position and statement of activities. Their primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows (inflows) of resources and liabilities while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements. The Fund financial statements begin on page 14 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U. S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has two fund types - governmental and fiduciary.

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

Fiduciary Funds – The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use them to support its operations. The District is only responsible for holding the assets reported in these funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. The required supplementary information includes budgetary comparison information and pension and other postemployment benefits (OPEB) information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the district's governmental activities. The District's combined net position was \$6,740,244 at August 31, 2022.

TABLE 1

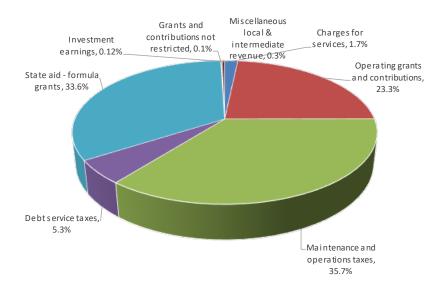
CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities						
	2022 2021						
Assets: Current and other assets Capital assets Total assets	\$ 11,947,915 \$ 10,702,947 34,565,409 35,673,577 46,513,324 46,376,524						
Deferred Outflows of Resources:	5,511,317 5,881,855						
Liabilities: Long-term liabilities Other liabilities Total liabilities	30,410,16035,886,3462,378,5212,782,43532,788,68138,668,781						
Deferred Inflows of Resources:	12,495,716 9,798,616						
Net position: Net investment in capital assets Restricted Unrestricted	16,458,532 16,346,321 2,863,636 2,300,255 (12,581,924) (14,855,594)						
Total net position	\$ <u>6,740,244</u> \$ <u>3,790,982</u>						

Changes in Net Position

During the year, net position of the District's governmental activities increased by \$2,949,262 to \$6,740,244. Unrestricted net position was a deficit \$12,581,924 at the end of this year.

The District's total fiscal year 2022 revenues were \$44,108,135 at August 31, 2022. Approximately 41.0% of the District's revenue came from property taxes, 33.6% came from state allocations, and the remainder came from charges for services, federal and state grants, and miscellaneous other revenue (see the chart below).



The total cost of all programs and services was \$41,158,873 of which 54.3% was for direct instruction program costs compared to 56.5% in the previous year. The District's expenses cover a range of programs including instruction, counseling services, health services, student transportation, food services, plant maintenance and operations, and various other areas of service to students.

In total, governmental activities increased the District's net position by \$2,949,262. Key elements of this change are as follows:

TABLE 2 CHANGES IN NET POSITION

		Governmental Activities					
	2022			2021			
REVENUES							
Program revenues:							
Charges for services	\$	734,620	\$	485,133			
Operating grants and contributions		10,257,978		10,606,503			
General revenues:							
Maintenance and operations taxes		15,760,207		15,389,579			
Debt service taxes		2,331,065		2,307,076			
State aid - formula grants		14,804,636		14,334,773			
Grants and contributions not restricted		30,470		40,161			
Investment earnings		52,021		5,604			
Miscellaneous local & intermediate revenue		137,138		469,678			
Total revenues		44,108,135	_	43,638,507			
EXPENSES							
Instruction		22,366,790		23,332,074			
Instructional resources and media services		367,084		380,362			
Curriculum and staff development		505,772		138,981			
Instructional leadership		416,706		814,818			
School leadership		1,672,030		1,809,343			
Guidance, counseling, and evaluation services		1,536,971		1,397,289			
Social work services		166,399		216,198			
Health services		307,302		343,220			
Student (pupil) transportation		987,805		882,131			
Food service		2,097,886		1,777,639			
Extracurricular activities General administration		1,878,447		1,669,891			
Facilities maintenance and operations		1,129,597		1,207,760			
Security and monitoring services		5,338,074 177,315		4,941,413 100,940			
Data processing services		1,214,385		1,244,895			
Debt service - interest on long-term debt		459,990		537,756			
Other intergovernmental charges		536,320		535,454			
Total expenses		41,158,873	_	41,330,164			
CHANGE IN NET POSITION		2,949,262		2,308,343			
NET POSITION, BEGINNING		3,790,982	_	1,749,830			
PRIOR PERIOD ADJUSTMENT		-	(267,191			
NET POSITION, ENDING	\$	6,740,244	\$	3,790,982			

The above table presents the cost of each of the District's largest programs.

- The cost of all governmental activities in 2022 was \$41,158,873 compared to \$41,330,164 in the previous year.
- The amount that our local taxpayers paid for these activities through property taxes was \$18,091,272 for the 2022 year and \$17,696,655 for the 2021 year.

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

Revenues from governmental fund types totaled \$46,224,080. Local revenues increased by \$758,062 from the prior year, primarily due to the increase in tax revenue caused by growing property tax values. The District lowered its tax rates for fiscal year 2022. State revenue increased \$553,523 due to an increase in state entitlements from prior year. Federal revenue increased \$5,921,012, primarily due to the addition of new federal funding, including the Elementary and Secondary School Emergency Relief (ESSER) programs.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

The original budget for the general fund reflected a balanced budget. Over the course of the year, the District amended its budget as needed; however, actual revenues exceeded expenditures by \$1,084,000 at August 31, 2021.

- State funding came in above budget by \$977,812.
- Instructional expenditures were less than budgeted by \$226,661.

In the District's child nutrition program, the final amended budget reflected a balanced budget. Actual results were an increase of \$477,409 in fund balance. Revenues were higher than expected due partially to additional unexpected federal grant revenues passed through the Texas Department of Agriculture.

In the District's debt service fund, there was an actual increase of revenues and other sources over expenditures and other uses of \$89,253 versus the original balanced budget. The increase was due to receiving additional state revenue.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

At the end of 2021, the District had invested \$84,886,753 in a broad range of capital assets, including land, buildings, furniture, and equipment. Accumulated depreciation on these assets was \$51,071,706 at year-end. The above included current-year capital asset additions of \$241,465 in the furniture and equipment category.

		Governmental Activities						
	_	2022		2021				
Land	\$	384,828	\$	384,828				
Buildings and improvements		76,118,457		76,118,457				
Furniture and equipment		8,383,468		8,347,415				
Right to use equipment		750,362		-				
Less depreciation	(51,071,706)	(49,177,123)				
Totals	\$	34,565,409	\$	35,673,577				

Long-term Liabilities

At the end of 2021, the District's long-term bonded debt consisted of the following:

		Governmental Activities					
	_	2022		2021			
Unlimited Tax Refunding Bond, Series 2014	\$	15,455,000	\$	17,045,000			
Unamortized premium on Unlimited Tax							
Refunding Bond, Series 2014	_	1,335,218	_	1,502,120			
Total bonds payable	\$	16,790,218	\$	18,547,120			

At year-end the District had \$15,455,000 in bonds outstanding which represents a decrease of \$1,590,000 since last year.

The District also reported of net pension liability of \$3,706,202 and net OPEB liability of \$9,290,535 as presented in conjunction with GASB 68 and GASB 75, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The local economy remains strong as our community continues to deal with the challenges associated with the COVID-19 pandemic. The 2022-2023 appraised property values increased by approximately 12.4%. Local Revenue is expected to increase slightly with the increase in property tax revenue even with a decrease in the M&O tax rate. HB 3 changed the state funding calculations a couple of years ago regulating the local tax rate for Maintenance and Operations. District enrollment remained consistent at the beginning of the 2022 – 2023 school year as most students have returned to school after the Covid pandemic. State funding is based on attendance rates resulting in an expected slight decrease as District continues to see lower attendance rates due to an unexpected rise in absences related to sickness.

The Maintenance and Operations (M&O) tax rate decreased by \$0.0735 to \$.8634 per \$100 valuation for the 2022 – 2023 school year. The Interest and Sinking (I&S) tax rate increased by \$0.04009 to \$0.17859 per \$100 valuation for the 2022 - 2023 school year. The overall tax rate of \$1.04199 reflects a rate decrease of \$0.03341 for the 2022 – 2023 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Brownwood ISD Assistant Superintendent of Business and Finance at 325-643-5644.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	\$ 9,813,870
1220	Property taxes receivable (delinguent)	622,363
1230	Allowance for uncollectible taxes	(435,655)
1240	Due from other governments	1,945,630
1290	Other receivables	1,707
1290	Capital assets:	1,,0,
1510	Land	384,828
1520	Buildings and improvements, net	32,227,698
1520	Furniture and equipment, net	1,357,479
1550	Right to use equipment, net	595,404
		46,513,324
1000	Total assets	40,515,524
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows related to NPL	3,566,297
1706	Deferred outflows related to OPEB	1,945,020
1700	Total deferred outflows of resources	5,511,317
1700	Total deferred bathows of resources	
	LIABILITIES	
2110	Accounts payable	223,868
2140	Interest payable	29,423
2150	Payroll withholdings and deductions	222,706
2160	Accrued wages payable	1,536,886
2180	Due to other governments	209,257
2200	Accrued expenses	130,840
2300	Unearned revenue	25,541
	Noncurrent liabilities:	- / -
2501	Due within one year	
	Long-term debt	1,800,058
2502	Due in more than one year	, ,
	Long-term debt	15,613,365
2540	Net pension liability	3,706,202
2545	Net OPEB liability	9,290,535
2000	Total liabilities	32,788,681
2000		
	DEFERRED INFLOWS OF RESOURCES	
2601	Deferred gain on refunding	693,454
2605	Deferred inflows related to NPL	4,099,931
2606	Deferred inflows related to OPEB	7,702,331
2600	Total deferred inflows of resources	12,495,716
2000		
	NET POSITION	
3200	Net investment in capital assets	16,458,532
	Restricted:	
3820	Restricted for federal and state programs	1,170,759
3850	Restricted for debt service	1,692,877
3900	Unrestricted	(12,581,924)
3000	Total net position	\$ 6,740,244
	· ·	

Net (Expense)

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

									Revenue		
								a	nd Changes		
					Program	Rev	enues		Net Position		
		1			3		4		6		
Data									Operating	Р	rimary Gov.
Control							Charges	(Grants and	-	overnmental
Codes	Functions/Programs		Expenses		for Services	C	ontributions		Activities		
	Primary government:										
	Governmental activities:										
11	Instruction	\$	22,366,790	\$	17,051	\$	4,369,119	\$(17,980,620)		
12	Instructional resources and media services		367,084		-		11,799	(355,285)		
13	Curriculum and staff development		505,772		-		468,747	(37,025)		
21	Instructional leadership		416,706		-		53,314	(363,392)		
23	School leadership		1,672,030		-		140,853	(1,531,177)		
31	Guidance, counseling, and evaluation services		1,536,971		-		755,853	(781,118)		
32	Social work services		166,399		-		159,834	(6,565)		
33	Health services		307,302		-		84,933	(222,369)		
34	Student (pupil) transportation		987,805		-		2,614	(985,191)		
35	Food service		2,097,886		281,162		2,144,006		327,282		
36	Extracurricular activities		1,878,447		403,407	(2,219)	(1,477,259)		
41	General administration		1,129,597		-		29,689	(1,099,908)		
51	Facilities maintenance and operations		5,338,074		33,000		1,608,744	(3,696,330)		
52	Security and monitoring services		177,315		-		59,606	(117,709)		
53	Data processing services		1,214,385		-		322,343	(892,042)		
72	Debt Service - interest on long-term debt		459,990		-		48,743	(411,247)		
99	Other intergovernmental charges	-	536,320	-	-		-	(536,320)		
ТР	Total primary government	\$_	41,158,873	\$_	734,620	\$	10,257,978	\$ <u>(</u>	30,166,275)		
	General revenues:										
	Taxes:										
MT	Property taxes, levied for general purposes								15,760,207		
DT	Property taxes, levied for debt service								2,331,065		
SF	State aid - formula grants								14,804,636		
GC	Grants and contributions not restricted								30,470		
IE	Investment earnings								52,021		
MI	Miscellaneous local and intermediate revenue								137,138		
TR	Total general revenues								33,115,537		
CN	Change in net position								2,949,262		
NB	Net position, beginning								3,790,982		
NE	Net position, ending							\$	6,740,244		

BALANCE SHEET GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data			10		50				Total
Control					Debt		Other	Go	overnmental
Codes			General		Service		Funds		Funds
	ASSETS								
1110	Cash and cash equivalents	\$	6,627,028	\$, ,	\$	1,334,444	\$	9,813,870
1220	Property taxes - delinquent	,	527,855	,	94,508		-	,	622,363
1230	Allowance for uncollectible taxes	(369,499)	(66,156)		-	(435,655)
1240	Due from other governments		713,593		-		1,232,037		1,945,630
1260	Due from other funds		953,150		-		-		953,150
1290	Other receivables		36	_	-		1,671		1,707
1000	Total assets		8,452,163	_	1,880,750		2,568,152	_	12,901,065
	LIABILITIES								
2110	Accounts payable		127,572		-		96,296		223,868
2150	Payroll withholdings and deductions		222,706		-		-		222,706
2160	Accrued wages payable		1,448,909		-		87,977		1,536,886
2170	Due to other funds				154,150		799,000		953,150
2180	Due to other governments		-				209,257		209,257
2200	Accrued expenses		117,642		-		13,198		130,840
2300	Unearned revenue		-		-		25,541		25,541
2000	Total liabilities		1,916,829	_	154,150		1,231,269		3,302,248
2000			/= -/	-	- ,		, , ,		
	DEFERRED INFLOWS OF RESOURCES								
2601	Unavailable revenue - property taxes	_	85,683	_	17,609		-		103,292
2600	Total deferred inflows of resources	_	85,683	_	17,609	_	-	_	103,292
	FUND BALANCES								
	Restricted Fund Balance:								
3450	Federal or state funds grant restriction		-		-		1,170,759		1,170,759
3480	Retirement of long-term debt		-		1,708,991		-		1,708,991
3545	Committed for campus activity		-		-		166,124		166,124
3600	Unassigned fund balance		6,449,651		-		-		6,449,651
3000	Total fund balances		6,449,651	_	1,708,991		1,336,883		9,495,525
2000	Total liabilities, deferred inflows of		, .,		/ /		, ,		, ,
4000	resources and fund balances	\$	8,452,163	\$	1,880,750	\$	2,568,152	\$	12,901,065

EXHIBIT C-2

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

AUGUST 31, 2022

Total fund balances - governmental funds	\$	9,495,525
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		34,565,409
2 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(18,136,300)
3 Included in the items related to debt is the recognition of the District's proportion share of the net pension liability required by GASB 68. The net position related to TRS included:		
Deferred inflows of resources - NPL related Deferred outflows of resources - NPL related Net pension liability	((4,099,931) 3,566,297 3,706,202)
4 Included in the items related to debt is the recognition of the District's proportion share of the net OPEB liability required by GASB 75. The net position related to TRS included:		
Deferred inflows of resources - OPEB related	(7,702,331)
Deferred outflows of resources - OPEB related	-	1,945,020
Net OPEB liability	(9,290,535)
5 Uncollected property taxes and penalties and interest are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue		
in the statement of activities.		103,292
19 Net position of governmental activities	\$	6,740,244

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	_		10 General		50 Debt Other Service Funds			Total Governmen Funds	tal
	REVENUES								
5700	Local and intermediate sources	\$	16,135,509	\$	2,347,427	\$	582,588	\$ 19,065,52	24
5800	State program revenues		16,571,278		48,743		218,439	16,838,46	
5900	Federal program revenues	_	637,602	_	-	_	9,682,494	10,320,09	96
5020	Total revenues	_	33,344,389	_	2,396,170	_	10,483,521	46,224,08	80
	EXPENDITURES								
	Current:								
0011	Instruction		19,879,917		-		4,113,227	23,993,14	44
0012	Instructional resources and media services		379,222		-		16,763	395,98	
0013	Curriculum and instructional staff development		69,091		-		445,283	514,37	74
0021	Instructional leadership		467,071		-		21,887	488,95	
0023	School leadership		1,690,501		-		166,285	1,856,78	
0031	Guidance, counseling, and evaluation services		1,039,621		-		671,061	1,710,68	
0032	Social work services		24,435		-		160,296	184,73	
0033	Health services		251,021		-		88,413	339,43	
0034	Student (pupil) transportation		928,830		-		-	928,83	
0035	Food service		143,554		-		1,949,102	2,092,65	
0036	Extracurricular activities		1,597,661		-		258,941	1,856,60	
0041	General administration		1,107,797		-		40,976	1,148,77	
0051	Facilities maintenance and operations		2,965,534		-		1,631,746	4,597,28	
0052	Security and monitoring services		108,091		-		59,672	167,76	
0053	Data processing services		989,935		-		337,223	1,327,15	
	Debt Service:		505,500				007,220	2,027,20	
0071	Principal on long-term debt		81,675		1,590,000		-	1,671,67	75
0072	Interest on long-term debt		113		716,917		-	717,03	
0081	Capital outlay		371,826		-		370,392	742,2	
0099	Intergovernmental		536,320		-		-	536,32	
6030	Total expenditures	-	32,632,215	-	2,306,917	-	10,331,267	45,270,39	
1100	EXCESS (DEFICIT) OF REVENUES OVER								
1100			712 174		00 252		152 254	052.69	01
	(UNDER) EXPENDITURES	-	712,174	-	89,253	_	152,254	953,68	51
	OTHER FINANCING SOURCES (USES)								
7911	Issuance of right to use leased assets		371,826		-		370,392	742,23	18
7080	Total other financing sources (uses)	_	371,826	_	-	-	370,392	742,23	18
7000	Total other maneing sources (uses)	-	07 1/020	_		-	0,0,000		
1200	NET CHANGE IN FUND BALANCES		1,084,000		89,253		522,646	1,695,89	99
0100	FUND BALANCES, BEGINNING	-	5,365,651	_	1,619,738	_	814,237	7,799,62	26
3000	FUND BALANCES, ENDING	\$_	6,449,651	\$_	1,708,991	\$_	1,336,883	\$ <u>9,495,5</u> 2	25

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	\$	1,695,899
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful live as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,108,168)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(50,473)
The issuance of long-term debt 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.		1,223,835
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$843,402. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$621,057. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$331,156. The net result is a increase in the change in net position.		553,141
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$213,442. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$188,156. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$609,742. The net result is an		
increase in the change in net position.	_	635,028
Change in net position of governmental activities	\$	2,949,262

STATEMENT OF FIDUCIARY NET POSITION

AUGUST 31, 2022

	Custodial Fund
ASSETS Cash and cash equivalents Total assets	\$ <u>360,060</u> <u>360,060</u>
LIABILITIES Accounts payable Total liabilities	<u> 195</u> <u> 195</u>
NET POSITION Restricted for student groups Total net position	<u>359,865</u> \$359,865

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Fund
ADDITIONS Collections from student groups	\$ 380,610
Total additions	380,610
DEDUCTIONS	
Payments on-behalf of student groups	325,262
Total deductions	325,262
NET INCREASE (DECREASE) IN	
FIDUCIARY NET POSITION	55,348
NET POSITION, BEGINNING	304,517
NET POSITION, ENDING	\$ <u>359,865</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. <u>Reporting Entity</u>

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

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

B. <u>Government-wide and Fund Financial Statements</u>

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes, state foundation funds and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

D. Fund Accounting

The government reports the following major governmental funds:

- The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.
- The **Debt Service Fund**, a governmental fund type, accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term debt of governmental activities.

Additionally, the government reports the following fund types:

- The **Nonmajor Special Revenue Funds**, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.
- The *Custodial Fund* accounts for resources held for others in a custodial capacity. The District's Custodial Fund is Student Activities.

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. 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 the governmental activities are eliminated.

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. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

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.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the even of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

2. Receivables

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

3. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental activity column 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. As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Land and construction in progress are not depreciated. Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 - 45
Furniture and equipment	5 - 20
Right to use equipment	5

4. Long-term Obligations

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

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

5. Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

6. Defined Benefit Pension Plan

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. 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.

7. Other Post-Employment Benefits

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

8. Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the financial statements as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

 Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, and changes in actuarial assumptions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had two items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.
- Deferred inflows of resources for refunding Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

9. Fund Balance Policies

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they
 are either (a) not in spendable form or (b) are legally or contractually required to be
 maintained intact. Nonspendable items are not expected to be converted to cash or
 are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned: This classification includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated by official Board action the authority to assign amounts.

 Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

10. 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, as signed, 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. 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.

11. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or though external restrictions imposed by creditors, grantors or laws or regulations of other governments.

12. 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 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.

13. Property Taxes

Property taxes are levied as of October 1 on property values assessed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year. On January 31 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed.

14. Data Control Codes

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

15. Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2022 will change.

II. DETAILED NOTES ON ALL FUNDS

A. <u>Deposits and Investments</u>

Under Texas state law, 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.

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that they complied with all significant requirements of the PFIA and the District's investment policies.

Investments

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of state, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) obligations of the state of Texas or its agencies; 5) other obligations guaranteed by the U.S. or the state of Texas or their agencies and instrumentalities; 6) fully collateralized repurchase agreements; and 7) public funds investment pools. Temporary investments are reported at cost that approximates market and the certificates of deposit are secured, when necessary, by the FDIC or obligations of items 1-3 above at 102% of the investment's market value. TexPool is a local government investment pool under the oversight of the Texas Comptroller of Public Accounts.

Custodial Credit Risk - Deposits

At August 31, 2022, the District's deposits (cash, certificates of deposit and interest bearing savings accounts including temporary investments) were entirely covered by pledged collateral held by the District's agent bank in the District's name or by federal deposit insurance.

Credit Risk

State law and District policy limit investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. TexPool is rated AAAm by Standard & Poor's.

The investments held at August 31, 2022, is shown below:

		Weighted Average	
Name	Fair Value	Maturity (Days)	Credit Rating
TexPool	\$ <u>7,482,440</u>	25	AAAm

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Interest Rate Risk

The District's investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

Concentration of Credit Risk

The District's investment policy is for the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer.

B. Due from (to) Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are summarized below.

Fund	Federal Grants	State Allotment	Total
General Fund Nonmajor Governmental	\$ - 		\$ 713,593 <u>1,232,037</u>
Total	\$ <u>1,232,037</u>	<u> </u>	\$ <u>1,945,630</u>

As of August 31, 2022, the balance of amounts due to other governments is \$209,257, which is payable to the Texas Education Agency for the nonmajor governmental funds.

C. Interfund Balances

The composition of interfund balances as of August 31, 2022, consisted of the following:

Receivable Fund	Payable Fund	 Amount
General	Debt Service	\$ 154,150
General	Nonmajor governmental	 799,000
Total		\$ 953,150

D. Capital Assets

Capital asset activity for the year ended August 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities: Capital assets, not being depreciated:				
Land	\$ <u>384,828</u>	\$	\$ <u> </u>	\$ <u>384,828</u>
Total capital assets, not being depreciated	384,828			384,828
Capital assets, being depreciated: Buildings and improvements Furniture and equipment Right to use equipment Total capital assets, being depreciated	76,118,457 8,347,415 <u>8,144</u> 84,474,016	36,053 742,218 778,271	- 	76,118,457 8,383,468
Less accumulated depreciation for: Buildings and improvements Furniture and equipment Right to use equipment Total accumulated depreciation	(42,409,886) (6,767,237) (49,182,009)			(43,890,759) (7,025,989) (154,958) (51,071,706)
Total capital assets, being depreciated, net	35,292,007	(1,111,426)		34,180,581
Governmental activities capital assets, net	\$ <u>35,676,835</u>	\$ <u>(1,111,426</u>)	\$	\$ <u>34,565,409</u>

Depreciation expense was charged to functions of the government as follows:

Governmental activities:		
Instruction	\$	577,631
Instructional resources and media services		4,425
School leadership		12,450
Guidance, counseling and evaluation services		1,129
Student (pupil) transportation		58,975
Food services		19,513
Co-curricular/extracurricular activities		104,225
General administration		84,145
Facilities maintenance and operations		1,016,675
Security monitoring services		9,941
Data processing services	_	588
Total depreciation expense - governmental activities	\$	1,889,697

E. Unearned Revenues

Unearned revenues as of August 31, 2022 consisted of \$25,541 in the nonmajor governmental funds. This amount reflects grant funding received but not yet recognized as revenue.

F. Long-term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Long-term debt					
Bonds payable	\$ 17,045,000	\$-	\$ 1,590,000	\$ 15,455,000	\$ 1,660,000
Unamortized premium	1,502,120	-	166,902	1,335,218	-
Leases payable	3,419	742,218	122,432	623,205	140,058
Subtotal		742,218	1,879,334	17,413,423	1,800,058
Pension & OPEB					
Net pension liability	7,840,672	(3,513,413)	621,057	3,706,202	-
Net OPEB liability	9,498,554	<u>(19,863</u>)	188,156	9,290,535	
Subtotal	17,339,226	<u>(3,533,276</u>)	809,213	12,996,737	
Total	\$35,889,765	\$ <u>(2,791,058</u>)	\$ <u>2,688,547</u>	\$30,410,160	\$1,800,058

The District designates a portion of its tax rate for debt service in order to comply with the ordinance to create from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due.

Bonds Payable

The District issues Bonds to provide funds for the acquisition and construction of major capital facilities or to refund prior debt issuances. The Bonds are direct obligations and pledge the full faith and credit of the District. Bonds outstanding as of August 31, 2022 are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Payable Amounts Outstanding Beginning	Issued	Retired	Payable Amounts Outstanding Ending
Unlimited Tax Refunding Bonds, Series 2014	3.25-5%	\$ <u>26,000,000</u>	\$ <u>17,045,000</u>	\$	\$	\$ <u>15,455,000</u>
Totals		\$ <u>26,000,000</u>	\$ <u>17,045,000</u>	\$ <u> </u>	\$ <u>1,590,000</u>	\$ <u>15,455,000</u>

The future debt service requirements are as follows:

Year Ending August 31,	 Principal	 Interest	R	Total equirements
2023	\$ 1,660,000	\$ 643,525	\$	2,303,525
2024	1,730,000	575,725		2,305,725
2025	1,800,000	505,125		2,305,125
2026	1,875,000	431,625		2,306,625
2027	1,950,000	358,063		2,308,063
2028-2031	 6,440,000	 493,750		6,933,750
Total	\$ 15,455,000	\$ 3,007,813	\$	18,462,813

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022.

The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund.

Leases Payable

The District has entered into 3 lease agreements for copier equipment, phone system, and a postage machine. The lease terms are 60 months, carry interest rates of 4%, and have fixed monthly payments ranging from \$447 to \$80,000. The leases mature in fiscal years 2023 through 2027. Current year interest payments were \$7,131.

Principal and interest requirements to maturity are as follows:

Year Ending August 31,	Principal	Interest	Re	Total quirements
2023	\$ 140,058	\$ 23,629	\$	163,687
2024	143,899	18,001		161,900
2025	149,709	12,191		161,900
2026	155,753	6,147		161,900
2027	 33,786	 339		34,125
Total	\$ 623,205	\$ 60,307	\$	683,512

G. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System'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 www.trs.texas.gov, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

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

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

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

	Contribution Rates			
	2021	2022		
Active Employee	7.7%	8.00%		
Non-Employer Contributing Entity (State)	7.5%	7.75%		
Employers	7.5%	7.75%		
Current fiscal year employer contributions		\$ 843,042		
Current fiscal year member contributions		1,873,111		
2021 measurement year NECE on-behalf contributions		1,348,691		

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% 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 an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was rolled forward to August 31, 2021, and was determined using the following actuarial assumptions:

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%
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and retirees.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 (see page 53 of the TRS ACFR) are summarized below:

		Long-Term Expected	Expected Contribution to
	Target	Geometric Real	Long-Term
Asset Class4	Allocation ¹	Rate of Return ²	Portfolio Returns3
Global Equity			
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%
Stable Value			
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%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources ar	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Expected Return	100.00%		6.90%

¹Target allocations are based on the FY2021policy 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.

4 Absolute Return includes Credit Sensitive Investments

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	% Decrease in Discount Rate Discount Rate (6.25%) (7.25%)		1% Increase in Discount Rate (8.25%)		
Proportionate share of the net pension liability:	\$ 8,098,640	\$	3,706,202	\$	142,602

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022 the District reported a liability of \$3,706,202 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$	3,706,202
State's proportionate share that is associated with the District	_	8,048,409
Total	\$_	11,754,611

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0145532675% which was an increase of 0.0000863350% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the District recognized pension expense of \$322,078 and revenue of \$32,177 for support provided by the State.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	6,202	\$	260,920
Changes in actuarial assumptions		1,310,070		571,078
Difference between projected and actual investment earnings		-		3,107,603
Changes in proportion and difference between the employer's				
contributions and the proportionate share of contributions		1,406,983		160,330
Contributions paid to TRS subsequent to the measurement date	_	843,042	_	-
Total as of fiscal year-end	\$_	3,566,297	\$_	4,099,931

The amounts reported as contributions paid subsequent to the measurement date will be reported as a reduction of pension expense in the next fiscal year. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended August 31,		on Expense Amount
2023	\$(197,656)
2024	(175,067)
2025	(438,829)
2026	(620,015)
2027		63,984
Thereafter	(9,093)

H. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan that has a special funding situation. TRS-Care is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at 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.

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 the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a highdeductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes; including automatic COLAs.

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

January 1, 2021 thru December 31, 2021							
	Medicare Non-Medicare						
Retiree or Surviving Spouse	\$	135	\$	200			
Retiree and Spouse		529		689			
Retiree or Surviving Spouse and Children		468		408			
Retiree and Family		1,020		999			

TRS-Care Monthly for Retirees

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% 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 General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2021	 2022
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 213,442
Current fiscal year member contributions		152,192
2021 measurement year NECE on-behalf contributions		252,087

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity 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 total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021.

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2020 rolled forward to
	August 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 health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.30% to 8.80%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. here was a decrease of .38 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected 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.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% more than the discount rate that was used 1.95% in measuring the Net OPEB Liability.

	 Decrease in iscount Rate 0.95%	Discount Rate 1.95%	_	% Increase in Discount Rate 2.95%
Proportionate share of net OPEB liability	\$ 11,296,526	\$ 9,290,535	\$	7,998,072

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$9,290,535 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB Liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

	Decrease in Ithcare Trend rate	Current Single Healthcare Trend Rate		% Increase in althcare Trend rate
Proportionate share of net OPEB liability	\$ 7,525,025	\$ 9,290,535	\$	11,659,410

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 9,290,535
State's proportionate share that is associated with the District	 12,447,246
Total	\$ 21,737,781

At the August 31, 2021 measurement date, the District's proportion of the collective Net OPEB Liability was 0.0240846735%, which was a decrease of 0.0009019767% from its proportion measured as of August 31, 2020.

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 changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.

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

The amount of OPEB expense recognized by (Employer) in the reporting period was \$880,984.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual actuarial experiences Changes in actuarial assumptions Differences between projected and actual investment earnings Changes in proportion and difference between the employer's	\$ 400,002 1,029,036 10,086	\$	4,497,269 1,964,776 -
contributions and the proportionate share of contributions Contributions paid to OPEB subsequent to the measurement date	292,454 213,442	_	1,240,286
Total as of fiscal year-end	\$ 1,945,020	\$	7,702,331

The amounts reported as contributions paid subsequent to the measurement date will be reported as a reduction of OPEB expense in the next fiscal year. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Ended August 31,	Expense
	1 000 046
2023\$(2024(2025(2026(2027(Thereafter(1,090,246) 1,090,474) 1,090,412) 845,860) 514,781) 1,338,980)

I. <u>Negative Operating Grants and Contributions – Statement of Activities</u>

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	C	Negative In-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11 - Istruction	\$ 4,369,119) \$(312,649)	\$ 4,729,543
12 - Instructional resources and media services	11,799) (5,441)	17,240
13 - Curriculum and staff development	468,747	7	-	468,747
21 - Instructional leadership	53,314	+ (10,354)	63,668
23 - School leadership	140,853	3 (27,881)	168,734
31 - Guidance, counceling, and evaluation services	755,853	3 (17,918)	773,771
32 - Social work services	159,834	+ (506)	160,340
33 - Health services	84,933	3 (5,133)	90,066
34 - Student transportation	2,614	ł	-	2,614
35 - Food service	2,144,006	5 (1,472)	2,145,478
36 - Extracurricular activities	(2,219) (12,154)	9,935
41 - General administration	29,689) (13,102)	42,791
51 - Facilities and maintenance and operations	1,608,744	+ (33,924)	1,594,893
52 - Security and monitoring services	59,606	5 (72)	59,678
53 - Data Processing Services	322,343	3 (18,792)	341,135
71 - Interest on long-term debt	48,743	<u> </u>		48,743
Total	\$ <u>10,257,978</u>	<u> \$(</u>	459 <u>,398</u>)	\$ <u>10,717,376</u>

J. Active Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by TRS-ActiveCare, a statewide health care benefits program for active public education employees, authorized by House Bill 3343 by the 77th Texas Legislature. The program is administered by the Teacher Retirement System of Texas, with Blue Cross Blue Shield of Texas as the health plan administrator and Merck-Medco Managed Care as the pharmacy benefits manager. The District contributes \$367 per month per active employee to the plan, of which \$292 is paid by the District and \$75 is paid by the State of Texas. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS-ActiveCare.

K. <u>Medicare Part D – On-behalf Payments.</u>

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$92,108, \$101,322 and \$92,743 for the years ended August 31, 2022, 2021 and 2020, respectively.

L. Commitments and Contingencies

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2022, may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statement for such contingencies.

The world-wide coronavirus pandemic has resulted in certain risk and uncertainties to the public in general and the District. The District is closely monitoring their operations, liquidity, and resources, and are actively working to minimize the current and future impact of this unprecedented situation.

M. <u>Risk Management</u>

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

N. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District includes the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchangelike transaction. GASB 94 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will be implemented in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

O. Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective September 1, 2021. The statement addresses the accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were included.

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2022

Data							Actual		/ariance with Final Budget
Control			Budgete	d Ar			Amounts	Positive	
Codes			Original		Final		(GAAP Basis)		(Negative)
	REVENUES								
5700	Local and intermediate sources	\$	16,627,353	\$	16,627,353	\$	16,135,509	\$(491,844)
5800	State program revenues		15,593,466		15,593,466		16,571,278	,	977,812
5900	Federal program revenues		650,000	-	650,000		637,602	(12,398)
5020	Total revenues	-	32,870,819	-	32,870,819	-	33,344,389		473,570
	EXPENDITURES								
	Current:								
0011	Instruction		19,997,065		20,106,578		19,879,917		226,661
0012	Instructional resources and media sources		383,193		379,240		379,222		18
0013	Curriculum and instructional staff development		89,950		69,150		69,091		59
0021	Instructional leadership		763,640		739,440		467,071		272,369
0023	School leadership		1,713,585		1,690,525		1,690,501		24
0031	Guidance, counseling, and evaluation services		1,022,432		1,039,811		1,039,621		190
0032	Social work services		26,737		24,437		24,435		2
0033	Health services		324,396		298,988		251,021		47,967
0034	Student (pupil) transportation		824,000		929,950		928,830		1,120
0035	Food services		85,056		143,556		143,554		2
0036	Extracurricular activities		1,593,354		1,597,661		1,597,661		-
0041	General administration		1,201,475		1,107,797		1,107,797		-
0051	Facilities maintenance and operations		3,201,563		3,208,363		2,965,534		242,829
0052	Security and monitoring services		106,500		108,100		108,091		9
0053	Data processing services		1,012,873		989,935		989,935		-
	Debt Service:								
0071	Principal on long-term debt		-		81,675		81,675		-
0072	Interest on long-term debt		-		113		113		-
0081	Capital outlay		-		371,826		371,826		-
0099	Intergovernmental		525,000		536,350		536,320		30
6030	Total expenditures		32,870,819	_	33,423,495	_	32,632,215		791,280
	EXCESS (DEFICIT) OF REVENUES OVER								
	(UNDER) EXPENDITURES		-	(552,676)		712,174	(317,710)
	OTHER FINANCING SOURCES (USES)								
7911	Issuance of right to use leased assets		-		371,826		371,826		-
///	Total other financing sources (uses)	_	-	_	371,826	_	371,826	_	-
1200	NET CHANGE IN FUND BALANCES		-	(180,850)		1,084,000		1,264,850
0100	FUND BALANCE, BEGINNING	_	5,365,651	_	5,365,651		5,365,651		-
3000	FUND BALANCES, ENDING	\$	5,365,651	\$	5,184,801	\$	6,449,651	\$	1,264,850

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Plan Year Ended August 31,	2021	2020	2019
District's proportion of the net pension liability (asset)	0.014553%	0.014640%	0.010013%
District's proportionate share of the net pension liability (asset)	\$ 3,706,202	\$ 7,840,672	\$ 5,205,173
State's proportionate share of the net pension liability (asset) associated with the District	8,048,409	17,083,732	15,214,751
Total	\$_11,754,611	\$	\$
District's covered payroll	\$ 22,031,263	\$ 21,654,544	\$ 20,575,746
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	16.82%	36.21%	25.30%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2014 is not available.

 2018		2017		2016	 2015	2014			
0.010042%		0.010597%		0.010253%	0.011369%		0.011465%		
\$ 5,527,367	\$	3,388,244	\$	3,874,352	\$ 4,018,649	\$	3,062,353		
 16,473,125		9,497,948		11,718,632	 11,349,693		10,270,179		
\$ 22,000,492	\$	12,886,192	\$	15,592,984	\$ 15,368,342	\$ <u> </u>	13,332,532		
\$ 19,977,546	\$	19,380,101	\$	19,038,726	\$ 18,801,191	\$	18,431,472		
27.67%		17.48%		20.35%	21.37%		16.61%		
73.74%		82.17%		78.00%	78.43%		83.25%		

SCHEDULE OF DISTRICT'S CONTRIBUTIONS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal Year Ended August 31,	2022	2021	2020		
Contractually required contribution	\$ 843,042	\$ 519,735	\$ 604,034		
Contributions in relation to the contractually required contribution	<u>(843,042</u>)	<u>(</u> 519,735)	<u>(</u> 604,034)		
Contribution deficiency (excess)	\$	\$	\$		
District's covered payroll	\$ 24,326,123	\$ 22,031,254	\$ 21,654,559		
Contribution as a percentage of covered payroll	3.47%	2.36%	2.79%		

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2015 is not available.

	2019		2018		2017		2016		2015
\$	350,474	\$	338,610	\$	347,297	\$	325,755	\$	290,661
(350,474)	(338,610)	(347,297)	(325,755)	(286,048)
\$	_	\$		\$		\$		\$	4,613
\$	20,575,746	\$	19,977,546	\$	19,380,101	\$	19,038,726	\$	18,801,191
	1.70%		1.69%		1.79%		1.71%		1.52%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Plan Year Ended August 31,		2021	 2020	2019			
District's proportion of the net OPEB liability (asset)		0.024085%	0.024987%		0.026272%		
District's proportionate share of the net OPEB liability (asset)	\$	9,290,535	\$ 9,498,554	\$	12,424,520		
State's proportionate share of the net OPEB liability (asset) associated with the District	<u> </u>	12,447,246	 12,763,780		16,509,406		
Total	\$	21,737,781	\$ 22,262,334	\$	28,933,926		
District's covered employee payroll	\$	22,031,215	\$ 21,654,603	\$	20,575,746		
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll		42.17%	43.86%		60.38%		
Plan fiduciary net position as a percentage of the total OPEB liability		6.18%	4.99%		2.66%		

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2017 is not available.

EXHIBIT G-4

	2018	2017							
	0.026551%		0.025699%						
\$	13,257,016	\$	11,175,666						
_	16,081,012	_	13,874,209						
\$	29,338,028	\$	25,049,875						
\$	19,977,546	\$	19,380,101						
	66.36%		57.67%						

1.57% 0.91%

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal year Ended August 31,	2022			2021	2020		
Contractually required contribution	\$	213,442	\$	188,156	\$	189,916	
Contributions in relation to the contractually required contribution	(213,442)	(188,156)	(189,916)	
Contribution deficiency (excess)	\$	-	\$		\$		
District's covered employee payroll	\$	23,414,180	\$	22,031,215	\$	21,654,559	
Contribution as a percentage of covered employee payroll		0.91%		0.85%		0.88%	

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2018 is not available.

EXHIBIT G-5

	2019	2018							
\$	181,111	\$	177,812						
(181,111)	(177,812)						
\$	-	\$	-						
\$	20,575,746	\$	20,041,683						
	0.88%		0.89%						

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2022

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

- 1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- 2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- 3. Prior to September 1, the budget is formally approved and adopted by the Board.

Once a budget in approved, it can be amended by function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law. Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budget amounts are as amended by the Board. All budget appropriations lapse at year end.

Excess of Expenditures over Appropriations

The Child Nutrition Program fund expenditures exceeded appropriations by \$127,468. The overage will be covered by fund balance.

COMBINING STATEMENTS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data		205		211 ESEA I, A	224 IDEA		225 IDEA
Control		Head		mproving	Part B		Part B
Codes		 Start	Ba	sic Program	Formula	F	Preschool
	ASSETS						
1110	Cash and cash equivalents	\$ -	\$	- \$		\$	-
1240	Due from other governments	-		135,750	81,657		3,617
1290	Other receivables	 	_	-		_	-
1000	Total assets	 -	_	135,750	81,657	_	3,617
	LIABILITIES						
2110	Accounts payable	-		12,325	-		-
2160	Accrued wages payable	-		49,439	6,350		1,378
2170	Due to other funds	-		65,624	74,193		1,996
2180	Due to other governments	-		-	-		-
2200	Accrued expenses	-		8,362	1,114		243
2300	Unearned revenue	 -	_	-			-
2000	Total liabilities	 -	_	135,750	81,657		3,617
	FUND BALANCES						
2450	Restricted Fund Balance:						
3450	Federal or state funds grant restriction	-		-	-		-
3545	Committed for campus activity	 	-			_	
3000	Total fund balances	 	_				
4000	Total liabilities and fund balances	\$ 	\$_	135,750 \$	81,657	\$	3,617

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	266 ESSER I	270 ESEA VI, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	279 TCLAS ESSER III
Lunch Hogram	Basic orant	Recharg	LUSERI	Income		
\$ 1,107,925		\$-	\$ -	\$ -	\$ -	\$ -
141,392	3,599	13,163	-	22,167	-	71,704
- 1 240 217		- 12.102				
1,249,317	3,599	13,163		22,167		71,704
73,687	3,399	-	-	-	-	-
4,502	-	5,369	-	4,693	-	193
-	200	6,865	-	16,692	-	71,496
-	-	-	-	-	-	
369	-	929	-	782	-	15
		- 12.162				-
78,558	3,599	13,163		22,167		71,704
1,170,759	-	-	-	-	-	-
			-			
1,170,759		-				-
\$	\$ <u>3,599</u>	\$13,163	\$	\$\$22,167	\$	\$71,704

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control			281		282	289 her Federal cial Revenue	e	284 ARP IDEA Part B
Codes			ESSER II		ESSER III	 Funds		Formula
	ASSETS							
1110	Cash and cash equivalents	\$	-	\$	-	\$ -	\$	-
1240	Due from other governments		218,426		231,470	57,047		10,776
1290	Other receivables	_	-		-	 	-	-
1000	Total assets	_	218,426	_	231,470	 57,047	-	10,776
	LIABILITIES							
2110	Accounts payable		-		6,825	-		-
2160	Accrued wages payable		4,581		-	-		5,574
2170	Due to other funds		152,036		76,816	57,047		4,688
2180	Due to other governments		61,428		147,829	-		-
2200	Accrued expenses		381		-	-		514
2300	Unearned revenue	_	-		-	 -	-	-
2000	Total liabilities		218,426		231,470	 57,047	_	10,776
	FUND BALANCES							
	Restricted Fund Balance:							
3450	Federal or state funds grant restriction		-		-	-		-
3545	Committed for campus activity		-		-	 -	_	-
3000	Total fund balances		-		-	 -	_	-
4000	Total liabilities and fund balances	\$	218,426	\$	231,470	\$ 57,047	\$	10,776

397 Advanced Placement Incentives	410 Textbook and Kindergarten Material	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 183 - - - 183	\$ 	\$ 9 8,832 8,841	\$ 200,969 	\$ 25,358 	\$ 1,334,444 1,232,037 1,671 2,568,152
- - - - - - - - - - - - - - - - - - -	232,437 	- 5,898 2,454 - 489 8,841	60 36,456 - - - 36,516	- - - - - - - - - - - - - - - - - - -	96,296 87,977 799,000 209,257 13,198 25,541 1,231,269
- - - \$\$	- - - \$\$	- \$\$,841	<u> 166,124</u> <u> 166,124</u> \$ <u> 202,640</u>	- - - \$\$	1,170,759 <u>166,124</u> <u>1,336,883</u> \$ <u>2,568,152</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

Data		205	1	211 ESEA I, A		224		225
Control	I	Head		mproving	ΙC	DEA - Part B	ID	EA - Part B
Codes	_	 Start	Ba	sic Program		Formula	F	reschool
	REVENUES							
5700	Local and intermediate sources	\$ -	\$	-	\$	-	\$	-
5800	State program revenues	-		-		-		-
5900	Federal program revenues	 385,960	_	958,830	_	687,723	_	31,267
5020	Total revenues	 385,960	_	958,830	_	687,723		31,267
	EXPENDITURES							
	Current:							
0011	Instruction	318,837		848,347		261,621		31,267
0012	Instructional resources and media services	-		-		-		-
0013	Curriculum and instructional staff development	998		-		-		-
0021 0023	Instructional leadership	-		-		-		-
0023	School leadership Guidance, counseling, and evaluation services	22,061		- 1		- 426,102		-
0031	Social work services	- 43,377		110,482		420,102		-
0032	Health services			-		_		-
0035	Food service	_		-		-		_
0036	Extracurricular activities	-		-		-		-
0041	General administration	-		-		-		-
0051	Facilities maintenance and operations	687		-		-		-
0052	Security and monitoring services	-		-		-		-
0053	Data processing services	-		-		-		-
0081	Capital outlay	 -	_	-	_	-	_	
6030	Total expenditures	 385,960		958,830		687,723		31,267
	EXCESS (DEFICIT) OF REVENUES OVER							
	(UNDER) EXPENDITURES	 -	_		_	-	_	-
	OTHER FINANCING SOURCES (USES)							
7911	Issuance of right to use leased assets	 		-		-		
	Total other financing sources (uses)	 -		-	_	-		-
1200	NET CHANGE IN FUND BALANCES	-		-		-		-
0100	FUND BALANCE, BEGINNING	 	_	-	_		_	-
3000	FUND BALANCE, ENDING	\$ -	\$	-	\$_		\$	

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	266 ESSER I	270 ESEA VI, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	279 TCLAS ESSER III
\$ 281,162 3,189 2,138,477 2,422,828	\$ - 		\$ <u>82,424</u> 82,424	\$ - 	\$ - 	\$
- - - - - - - - - - - - - - - - - - -	47,039 - - - - - - - - - - - - - - - - - - -	51,542 94,353 893 - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 81,176 - - - - - - - - - - - - -	49,132	207,505 - - - - - - - - - - - - - - - - - -
- - - 1,945,419	- - - 47,039	 146,788	- - - 82,424	- - - 81,176	49,132	 207,505
477,409						
 477,409	 	 	 	 	- - -	
<u>693,350</u> \$ <u>1,170,759</u>	 \$	 \$	 \$	 \$	 \$	 \$

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

Data			281		282		289 Other Federal		284	
Data Contro							ner Federal cial Revenue		ARP IDEA Part B	
Codes			ESSER II		ESSER III		Funds		Formula	
	REVENUES									
5700	Local and intermediate sources	\$	-	\$	-	\$	-	\$	-	
5800	State program revenues		-		-		-		-	
5900	Federal program revenues	_	1,095,603	-	3,619,681		130,342		20,547	
5020	Total revenues	-	1,095,603		3,619,681		130,342		20,547	
	EXPENDITURES									
	Current:									
0011	Instruction		511,272		1,587,733		41,502		317	
0012	Instructional resources and media services		4,938		11,825				-	
0013	Curriculum and instructional staff development		-		349,812		120		-	
0021	Instructional leadership		20,994		-		-		-	
0023	School leadership		-		144,224		-		-	
0031	Guidance, counseling, and evaluation services		-		129,020		1,949		20,230	
0032	Social work services		-		6,437		-		-	
0033	Health services		-		11,692		27,589		-	
0035	Food service		-		3,683		-		-	
0036	Extracurricular activities		-		6,820		-		-	
0041	General administration		3,900		37,076		-		-	
0051	Facilities maintenance and operations		249,907		1,298,728		-		-	
0052	Security and monitoring services		-		-		59,182		-	
0053	Data processing services		304,592		32,631		-		-	
0081	Capital outlay	-		•	370,392		-		_	
6030	Total expenditures	-	1,095,603	-	3,990,073		130,342		20,547	
	EXCESS (DEFICIT) OF REVENUES OVER									
	(UNDER) EXPENDITURES	-	-		<u>(370,392</u>)		-		-	
	OTHER FINANCING SOURCES (USES)									
7911	Issuance of right to use leased assets	_	-		370,392		-		-	
	Total other financing sources (uses)	_	-		370,392		-		-	
		-			<u> </u>			_		
1200	NET CHANGE IN FUND BALANCES		-		-		-		-	
0100	FUND BALANCE, BEGINNING	-								
3000	FUND BALANCE, ENDING	\$_		\$		\$		\$		

Pla	397 410 Advanced Textbook and Placement Kindergarten Incentives Material		429 Other State Special Revenue Funds			461 Campus Activity Funds		499 Other Local Special Revenue Funds		Total Nonmajor Special Revenue Funds	
\$	-	\$	-	\$	-	\$	297,358	\$	4,068	\$	582,588
	164		101,754 -		113,332 -		-		-		218,439 9,682,494
	164		101,754		113,332		297,358	_	4,068	_	10,483,521
										_	
	-		101,754		104,491		-		-		4,113,227
	-		-		-		-		-		16,763
	-		-		-		-		-		445,283
	-		-		-		-		-		21,887 166,285
	164		_		8,351		-		4,068		671,061
	-		-		-		-		-		160,296
	-		_		-		-		-		88,413
	-		-		-		-		-		1,949,102
	-		-		-		252,121		-		258,941
	-		-		-		-		-		40,976
	-		-		-		-		-		1,631,746
	-		-		490		-		-		59,672
	-		-		-		-		-		337,223
	-		-		-	_	-		-	_	370,392
	164		101,754		113,332	_	252,121	_	4,068	_	10,331,267
	-					_	45,237	_	-	_	152,254
	-		_		_		-		_		370,392
						_				_	370,392
						_				-	570,552
	-		-		-		45,237		-		522,646
						_	120,887			_	814,237
\$		\$		\$		\$_	166,124	\$_		\$_	1,336,883

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

SCHEDULE OF DELINQUENT TAXES RECIEVABLE

FISCAL YEAR ENDED AUGUST 31, 2022

	1	2	3 Net Assessed/ Appraised		
Last Ten Years Ended	Tax Ra	Value for School			
August 31,	Maintenance	Debt Service	Tax Purpose		
2013 and prior years	1.040000	0.261600	1,546,271,967		
2014	1.040000	0.264700	1,591,586,921		
2015	1.040000	0.214700	1,261,417,790		
2016	1.040000	0.175100	1,260,932,187		
2017	1.040000	0.175100	1,323,038,927		
2018	1.040000	0.175100	1,360,838,038		
2019	1.040000	0.165100	1,443,380,383		
2020	0.970000	0.155100	1,542,230,113		
2021	0.966400	0.145100	1,580,518,758		
2022 (School year under audit)	0.936900	0.138500	1,664,334,759		

1000 Totals

10		20	31		32		40		50	
 Beginning Balance 09/01/21		Current Year's Total Levy	Maintenance Total Collections		Debt Service Total Collections		Entire Year's Adjustments		Ending Balance 08/31/22	
\$ 112,724	\$	-	\$ 11,602	\$	2,833	\$	-	\$	98,289	
19,917		-	2,420		591		-		16,906	
25,675		-	2,190		551		-		22,934	
22,279		-	3,879		987		-		17,413	
35,100		-	8,242		1,701	(288)		24,869	
53,237		-	17,949		3,022	(228)		32,038	
71,157		-	28,287		4,763	(137)		37,970	
110,114		-	42,633		7,178	(5,354)		54,949	
256,078		-	134,602		21,368	(18,066)		82,042	
 	_	17,898,256	 15,283,833		2,259,378	(120,092)	_	234,953	
\$ 706,281	\$_	17,898,256	\$ 15,535,637	\$	2,302,372	\$ <u>(</u>	144,165)	\$	622,363	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL - CHILD NUTRITION PROGRAM

Data Control Codes	_		Budgeted Original	d Ar	nounts Final		Actual Amounts (GAAP Basis)		Variance With Final Budget Positive or (Negative)
	REVENUES								
5700	Total local and intermediate sources	\$	283,791	\$	283,791	\$	281,162	\$(2,629)
5800	State program revenues		10,000		10,000		3,189	(6,811)
5900	Federal program revenues	_	1,524,160	_	1,524,160	_	2,138,477		614,317
5020	Total revenues		1,817,951	_	1,817,951	_	2,422,828		604,877
0035	EXPENDITURES Food services		1,817,951		1,817,951		1,945,419	(127,468)
6030	Total expenditures		1,817,951	_	1,817,951	_	1,945,419	(127,468)
1200	NET CHANGE IN FUND BALANCES		-		-		477,409		477,409
0100	FUND BALANCE, BEGINNING		693,350	_	693,350	_	693,350		-
3000	FUND BALANCES, ENDING	\$	693,350	\$	693,350	\$	1,170,759	\$	477,409

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL - DEBT SERVICE FUND

Data							Actual		Variance With Final Budget
Control			Budgeted	d A	mounts		Amounts		Positive or
Codes		Original Final		-	(GAAP Basis)		(Negative)		
	REVENUES								
5700	Total local and intermediate sources	\$	2,306,975	\$	2,306,975	\$	2,347,427	\$	40,452
5800	State program revenues		-			_	48,743		48,743
5020	Total revenues		2,306,975		2,306,975	_	2,396,170		89,195
	EXPENDITURES								
	Debt Service:								
0071	Principal on long-term debt		1,515,000		1,590,000		1,590,000		-
0072	Interest on long-term debt		791,975		716,975	_	716,917	_	58
6030	Total expenditures		2,306,975		2,306,975	_	2,306,917	_	58
1200	NET CHANGE IN FUND BALANCES		-		-		89,253		89,253
0100	FUND BALANCE, BEGINNING		1,619,738		1,619,738	-	1,619,738	_	
3000	FUND BALANCES, ENDING	\$	1,619,738	\$	1,619,738	\$_	1,708,991	\$	89,253

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 3,400,290
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 898,625
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 62,190
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 36,231

COMPLIANCE SECTION

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

Board of Trustees of Brownwood Independent School District Brownwood, Texas

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 Brownwood Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Brownwood Independent School District's basic financial statements, and have issued our report thereon dated January 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brownwood Independent School 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 Brownwood Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Brownwood Independent School District's internal control.

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas January 9, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees Brownwood Independent School District Brownwood, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brownwood 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 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.



Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design
 and perform audit procedures responsive to those risks. Such procedures include examining, on a
 test basis, evidence regarding 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas January 9, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/	(1) Assistance	(2A) Pass-through	(3)
Pass-through Grantor/	Listing	Entity Identifying	Federal
Grantor/Program Title	Number	Number	Expenditures
U. S. Department of Agriculture			
Passed through Texas Education Agency:	10 550	71 1001 01	+ 74.075
National School Breakfast Program National School Breakfast Program	10.553 10.553	71402101 71402201	\$ 74,375 406,331
Subtotal - Assistance Listing 10.553	10.555	/1402201	480,706
National School Lunch Program	10.555	71302101	181,288
National School Lunch Program	10.555	71302201	1,105,998
Subtotal - Assistance Listing 10.555			1,287,286
Total Passed through Texas Education Agency			1,767,992
Passed through Texas Department of Agriculture:			
COVID-19 - Pandemic EBT Food Benefits Program	10.542	CE 00131	6,198
National School Lunch Program - Non Cash Assistance	10.555	CE 00131	364,287
Total Passed through Texas Department of Agriculture			370,485
Grand total - Assistance Listing 10.555			1,651,573
Total Child Nutrition Cluster (ALN 10.553, 10.555)			2,132,279
Total U. S. Department of Agriculture			2,138,477
U. S. Department of Education Passed through Texas Education Agency:			
ESEA Title I, Part A	84.010A	20610101025902	60,876
ESEA Title I, Part A	84.010A	22610101025902	816,374
ESEA Title I, Part A - School Improvement Grants	84.010A	22610141025902	81,580
Subtotal Assistance Listing 84.010A			958,830
IDEA Part- B, Formula	84.027A	226600010259026000	687,723
COVID-19 IDEA Part- B, Formula ARP	84.027X	225350010259025000	20,547
IDEA Part- B, Preschool	84.173A	226610010259026000	31,267
Subtotal Special Education Cluster			739,537
	04.0404	22420006025002	47.000
Career and Technical Basic Grant	84.048A	22420006025902	47,039
Subtotal Assistance Listing 84.048A			47,039
ESEA Title VI, Part B - Rural & Low Income Program	84.358B	20696001025902	4,938
ESEA Title VI, Part B - Rural & Low Income Program	84.358B	21696001025902	10
ESEA Title VI, Part B - Rural & Low Income Program	84.358B	22696001025902	76,228
Subtotal Assistance Listing 84.358B			81,176
ECEA Title II Dart A Teacher/Dringing Training	94 2674	20694501025902	14 500
ESEA Title II, Part A - Teacher/Principal Training ESEA Title II, Part A - Teacher/Principal Training	84.367A 84.367A	20694501025902	14,506 132,282
Subtotal Assistance Listing 84.367A	01130/14	2203 1001020302	146,788
			,

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/	(1) Assistance	(2A) Pass-through	(3)
Pass-through Grantor/	Listing	Entity Identifying	Federal
Grantor/Program Title	Number	Number	Expenditures
U. S. Department of Education	Humber	Humber	Experiated es
Passed through Texas Education Agency:			
Student Support and Academic Enrichment Program	84.424A	22680101025902	130,342
Subtotal Assistance Listing 84.424A			130,342
COVID-19 - ESSER TCLAS	84.425U	21528042025902	207,505
COVID-19 - ESSER I	84.425D	20521001025902	82,424
COVID-19 - ESSER II	84.425D	21521001025902	1,095,603
COVID-19 - ESSER III	84.425U	21528001025902	3,619,681
Subtotal Assistance Listing 84.425			5,005,213
Total Passed through Texas Education Agency			7,108,925
Total U. S. Department of Education			7,108,925
U. S. Department of Health and Human Services			
Passed through ESC Region 15: Head Start Cluster	02.000		
	93.600	06CH7152-06-00	385,960
Total Passed through ESC Region 15			385,960
Passed through Texas Education Agency:			
Medicaid Assistance Program - Medicaid Cluster	93.778	06CH7152-06-00	49,132
Total Passed through Texas Education Agency			49,132
Total U. S. Department of Health and Human Services			435,092
Total Expenditures of Federal Awards			\$9,682,494

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Brownwood Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. 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* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

5. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 10,320,096
Less: School Health And Related Services	 637,602
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ 9,682,494

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

Summary of Auditor's Results

Financial Statements: Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Material noncompliance material to financial statements noted?	None
Federal Awards: Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
Identification of major programs:	
Assistance Listing Number(s):	Name of Federal Program or Cluster:
84.010A	Title I, Part A
84.425	ESSER
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No
Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards None reported Findings and Ouestioned Costs for Federal	
Awards	

None reported

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

AUGUST 31, 2022

Item 2021-001

<u>Criteria:</u>	Non-federal entities should follow best practices for internal contr adapted in <i>Standards for Internal Control in the Federal Governmer</i> "Green Book") or some other accepted internal control framework. frameworks provide criteria for designing, implementing, and operat effective internal control system.				
<u>Condition:</u>	The District identified an error in its operating account bank reconciliation during the 2021 fiscal year, which caused an overstatement of the cash balance in that account.				
<u>Cause:</u>	Although the District's current business office management has implemented strong internal controls over the bank reconciliation process, the internal controls prior to March 2020 not designed such that they would detect an error in a timely manner.				
Effect:	The District's operating account was overstated by a material amount.				
Recommendation:	The District should maintain the internal controls governing the bank reconciliation process to ensure timely and accurate preparation of those reconciliations.				
Current Status:	This matter has been resolved.				