# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT

## FOR THE TEN MONTHS ENDED JUNE 30, 2024

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## FOR THE TEN MONTHS ENDED JUNE 30, 2024

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# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT
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# *INTRODUCTORY SECTION*

CERTIFICATE OF BOARD

| Bridgeport Independent School District | Wise | 249-903 |
|---|---|---|
| Name of School District | County | 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 ten months ended June 30, 2024, at a meeting of the Board of Trustees of such school district on the ___ day of _____, _____.

_____
Signature of Board Secretary

_____
Signature of Board President

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

# *FINANCIAL SECTION*

EDGIN, PARKMAN, FLEMING & FLEMING, PC
CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

**Independent Auditor's Report**

Board of Trustees
Bridgeport Independent School District
2107 15th Street
Bridgeport, Texas 76426

Members of the Board of Trustees:

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport Independent School District (District) as of and for the ten months ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport Independent School District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis of Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

***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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information comprised of required Texas Education Agency schedules and 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,* 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information comprised of required Texas Education Agency schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated October 2, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

October 2 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Bridgeport Independent School District, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the District's financial performance during the ten months ended June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $36,006,584 (net position). The District's unrestricted net position was a deficit of $4,734,429. This deficit is caused by the effects of GASB 68 and 75, which reduced unrestricted net position by $15,834,396.

- During the year, the District's total net position increased by $9,107,094. The District's expenses, which totaled $26,014,441 were less than the District's program revenues of $6,844,407 and general revenues of $28,277,128.

- The total cost of the District's programs decreased $2,729,772 or 9% from the prior year.

- The governmental funds reported a fund balance at year-end of $21,015,676, which is an increase of $7,419,837.

- At the end of the current fiscal year, the unassigned fund balance of the General Fund was $6,752,005, or 31% of the total General Fund expenditures. The fund balance decreased $218,872.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the District's assets, liabilities, and deferred inflows and outflows with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

**Fund Financial Statements**

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the District to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds*** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintained multiple governmental funds in fiscal year 2023-24. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, SSA Special Education Fund, and Debt Service Fund, which are considered to be major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

The ***proprietary fund*** is used to account for operations that are financed similar to those in the private sector. This fund provides both long- and short-term financial information. The District maintains only one type of proprietary fund, the *internal service fund.* The *internal service fund* is a device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report the activities for its self-funded workers' compensation program.

***Fiduciary funds*** are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate statement of fiduciary net position.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Immediately following the *required supplementary information* is the *other supplementary information* which includes required TEA schedules.

**Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the District's net position summarized for the *governmental activities*.

**Table 1 - District's Net Position**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2024 | 2023 | $ Change | % Change |
| Current and other assets | $ 25,426,930 | $ 17,179,990 | $ 8,246,940 | 48% |
| Capital assets, net | 40,622,371 | 39,700,591 | 921,780 | 2% |
| **Total Assets** | 66,049,301 | 56,880,581 | 9,168,720 | 16% |
| **Deferred outflows** | 4,844,850 | 5,358,253 | (513,403) | -10% |
| Current liabilities | 3,668,288 | 2,998,910 | 669,378 | 22% |
| Noncurrent liabilities | 23,881,154 | 24,130,116 | (248,962) | -1% |
| **Total Liabilities** | 27,549,442 | 27,129,026 | 420,416 | 2% |
| **Deferred inflows** | 7,338,125 | 8,210,318 | (872,193) | -11% |
| Net position: | | | | |
| Net investment in capital assets | 30,082,338 | 30,408,830 | (326,492) | -1% |
| Restricted | 10,658,675 | 3,080,481 | 7,578,194 | 246% |
| Unrestricted | (4,734,429) | (6,589,821) | 1,855,392 | -28% |
| **Total Net Position** | $ 36,006,584 | $ 26,899,490 | $ 9,107,094 | 34% |

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is $30,082,338. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's net position, $10,658,675, represents resources that are subject to external restrictions on how they may be used, mostly for debt service. The remaining balance of net position of a negative $4,734,429 is reported as unrestricted net position.

**Changes in Net Position**

The District's total revenues, both program and general, were $35,121,535. A significant portion, 58%, of the District's revenue comes from property taxes. State aid formula grants provided 20% of the revenues, and 17% comes from operating grants and contributions. Exhibited below in Table 2 are the District's revenues for the ten months ended June 30, 2024 and year ended August 31, 2023 for the District's *governmental activities*.

**Table 2 - District's Revenues**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2024 | Percent | 2023 | Percent |
| Charges for services | $ 767,022 | 2% | $ 683,722 | 2% |
| Operating grants and contributions | 6,012,612 | 17% | 7,472,848 | 23% |
| Capital grants and contributions | 64,773 | 0% | 33,075 | 0% |
| Property taxes | 20,148,106 | 58% | 18,992,799 | 60% |
| State aid formula grants | 7,113,295 | 20% | 3,755,681 | 12% |
| Grants and contributions not restricted | 38,742 | 0% | 112,787 | 0% |
| Investment earnings | 786,866 | 2% | 689,220 | 2% |
| Miscellaneous | 190,119 | 1% | 320,853 | 1% |
| **Total Revenues** | $ 35,121,535 | 100% | $ 32,060,985 | 100% |

Exhibited below in Table 3 are the District's expenses for the ten months ended June 30, 2024 and year ended August 31, 2023 for the District's *governmental activities*. The total cost of all programs and services was $26,014,441. Instructional and related costs totaled 51% of these costs while student support was 21%, nonstudent support was 15%, and other costs were 13%.

**Table 3 - District's Expenses**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2024 | Percent | 2023 | Percent |
| Instructional & related | $ 13,404,691 | 51% | $ 14,399,650 | 50% |
| Leadership | 1,861,630 | 7% | 2,135,680 | 7% |
| Student support | 5,366,960 | 21% | 5,754,007 | 20% |
| Administrative support | 1,274,235 | 5% | 1,297,829 | 5% |
| Nonstudent support | 3,927,176 | 15% | 4,487,390 | 16% |
| Other | 179,749 | 1% | 669,657 | 2% |
| **Total Expenses** | $ 26,014,441 | 100% | $ 28,744,213 | 100% |

**Governmental Activities**

Table 4 presents the various revenue categories and gross costs of each of the District's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

**Table 4 - Changes in Net Position**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2024 | 2023 | $ Change | % Change |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | $ 767,022 | $ 683,722 | $ 83,300 | 12% |
| Operating grants and contributions | 6,012,612 | 7,472,848 | (1,460,236) | -20% |
| Capital grants and contributions | 64,773 | 33,075 | 31,698 | 96% |
| General revenues: | | | | |
| Property taxes | 20,148,106 | 18,992,799 | 1,155,307 | 6% |
| State aid formula grants | 7,113,295 | 3,755,681 | 3,357,614 | 89% |
| Grants and contributions not restricted | 38,742 | 112,787 | (74,045) | -66% |
| Investment earnings | 786,866 | 689,220 | 97,646 | 14% |
| Miscellaneous | 190,119 | 320,853 | (130,734) | -41% |
| Total revenues | 35,121,535 | 32,060,985 | 3,060,550 | 10% |
| Expenses | | | | |
| Instruction | 13,262,068 | 14,231,591 | (969,523) | -7% |
| Instructional resources and media services | 126,494 | 125,442 | 1,052 | 1% |
| Curriculum and staff development | 16,129 | 42,617 | (26,488) | -62% |
| Instructional leadership | 263,797 | 291,852 | (28,055) | -10% |
| School leadership | 1,597,833 | 1,843,828 | (245,995) | -13% |
| Guidance, counseling, and evaluation services | 1,494,342 | 1,429,911 | 64,431 | 5% |
| Health services | 288,610 | 306,351 | (17,741) | -6% |
| Student transportation | 800,651 | 1,031,036 | (230,385) | -22% |
| Food services | 1,460,843 | 1,460,923 | (80) | 0% |
| Cocurricular/extracurricular activities | 1,322,514 | 1,525,786 | (203,272) | -13% |
| General administration | 1,274,235 | 1,297,829 | (23,594) | -2% |
| Facilities maintenance and operations | 3,028,029 | 3,466,091 | (438,062) | -13% |
| Security and monitoring services | 421,867 | 285,262 | 136,605 | 48% |
| Data processing services | 477,280 | 736,037 | (258,757) | -35% |
| Interest on long-term debt | (64,143) | 318,331 | (382,474) | -120% |
| Bond issuance costs and fees | 250 | 12,280 | (12,030) | -98% |
| Payments to shared service arrangements | - | 41,578 | (41,578) | -100% |
| Other intergovernmental charges | 243,642 | 297,468 | (53,826) | -18% |
| Total expenses | 26,014,441 | 28,744,213 | (2,729,772) | -9% |
| Change in net position | $ 9,107,094 | $ 3,316,772 | $ 5,790,322 | 175% |

- Operating grants and contributions decreased $1,460,236, or 20%, mostly due to ESSER and IDEA-B ARP grant funding ending in the prior year offset somewhat by new school safety grant funding and a one-time special education contracted services grant in the current year.

- Property taxes increased $1,155,307, or 6%, due to the increase in property values as the overall tax rate remained the same.

- State aid formula grants increased $3,357,614, or 89%, mostly due to increased state foundation funding caused by the decrease in maintenance and operations property tax revenue due to the decreased tax rate and additional homestead exemptions.

- Instruction decreased $969,523, or 7%, from the prior year. Most of the decrease is due to fewer months of operations in the current year resulting from the change to a June year-end in the current year.

Table 5 presents the net cost of the District's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state aid, and other miscellaneous general revenues.

**Table 5 - Net Cost of Selected District Functions**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2024 | Percent | 2023 | Percent |
| Instructional & related | $ 10,732,584 | 55% | $ 10,178,181 | 50% |
| Leadership | 1,494,644 | 8% | 1,723,885 | 8% |
| Student support | 2,222,331 | 12% | 2,572,983 | 13% |
| Administrative support | 1,123,898 | 6% | 1,270,953 | 6% |
| Nonstudent support | 3,659,631 | 19% | 4,345,917 | 21% |
| Other | (63,054) | 0% | 462,649 | 2% |
| **Total Net Costs** | $ 19,170,034 | 100% | $ 20,554,568 | 100% |

**Financial Analysis of the District's Funds**

As previously stated, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2024, the District's governmental funds reported a combined ending fund balance of $21,015,676, an increase of $7,419,837 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances**
**June 30, 2024**

| | General Fund | SSA Special Ed Fund | Debt Service Fund | Other Nonmajor Funds | Totals |
|---|---|---|---|---|---|
| Nonspendable: | | | | | |
| Prepaid items | $ 84,370 | $ - | $ - | $ 1,325 | $ 85,695 |
| Restricted for: | | | | | |
| Federal/state funds grant restrictions | - | - | - | 897,155 | 897,155 |
| Retirement of long-term debt | - | - | 9,617,776 | - | 9,617,776 |
| Committed for: | | | | | |
| Construction | 1,935,000 | - | - | - | 1,935,000 |
| Self-insurance | 50,000 | - | - | - | 50,000 |
| Assigned | 1,333,276 | - | - | 344,769 | 1,678,045 |
| Unassigned | 6,752,005 | - | - | - | 6,752,005 |
| **Total Fund Balances** | $ 10,154,651 | $ - | $ 9,617,776 | $ 1,243,249 | $21,015,676 |

**General Fund**

At the end of the current fiscal year, the ending fund balance for the General Fund was $10,154,651. $84,370 of the fund balance was nonspendable for prepaid items, $1,935,000 was committed for future construction, $50,000 was committed for self-insurance, $1,333,276 was assigned for the 2024-25 adopted budget deficit, and the remaining $6,752,005 is unassigned. The unassigned fund balance represents 32%, or 4 months, of the total General Fund expenditures for the ten months ended June 30, 2024. The fund balance decreased $218,872 in the current fiscal year.

General Fund revenues totaled $21,553,308, an increase of $548,423, or 3%, from the preceding year. The revenues categories with significant changes were local and intermediate sources and state program revenues. Local and intermediate sources decreased $2,790,791, or 17%, mostly due to a decrease in maintenance and operations tax revenue caused by a decrease in the maintenance and operations tax rate offset somewhat by increased property tax values. State program revenues increased $3,326,291, or 70% due to increased state funding to offset lower maintenance and operations tax revenue.

General Fund expenditures totaled $21,760,867, a decrease of $556,696, or 2%, from the preceding year. The most significant changes between years are as follows:

- Instruction expenditures increased $222,336, or 2%. The increase is mostly due to moving salaries paid with ESSER grants that ended in the prior year to the General Fund in the current year less reduced operating costs from two fewer months in the current year from the change to a June year-end.

- School leadership expenditures decreased $205,037, or 14%. The decrease is mostly due to the change to a June year-end. Staff recorded to the function that are 12-month employees only had 10 months of wages and there were only 10 months of operating costs in the current year.

- Student transportation expenditures decreased $237,337, or 26%. The decrease is mostly due to the change to a June year-end. Staff recorded to the function that are 12-month employees only had 10 months of wages and there were only 10 months of operating costs in the current year.

- Cocurricular/extracurricular expenditures decreased $205,578, or 17%. The decrease is mostly due to the change to a June year-end. Staff recorded to the function that are 12-month employees only had 10 months of wages and there were only 10 months of operating costs in the current year.

- Facilities maintenance and operations expenditures decreased by $747,903, or 22%. The decrease is mostly due to the change to a June year-end. Staff recorded to the function that are 12-month employees only had 10 months of wages and there were only 10 months of operating costs in the current year.

- Data processing expenditures decreased $578,758, or 58%. The decrease is mostly due to the change to a June year-end. Staff recorded to the function that are 12-month employees only had 10 months of wages and there were only 10 months of operating costs in the current year. The decrease is also due to the purchases of chromebooks and laptops in the prior year.

- Principal on long-term debt expenditures decreased $680,257, or 561%. The decrease is due to changing to a June year-end in the current year resulting in fewer scheduled debt payments occurring in the current year than the prior year.

- Facilities acquisition and construction expenditures increased from $0 to $2,138,028 due to the purchase of land in the current year.

The General Fund other sources and uses was a net other uses of $11,313 in the current year compared to a net other sources of $921,660 in the prior year. This was due to proceeds from a note payable and right-to-use lease liabilities issued in the prior year and only a write-off of a prior year accrual in the current year.

**SSA Special Education Fund**

For 2024 the SSA Special Education Fund is a major reportable fund. This fund has no fund balance as it simply reports the revenues and expenditures of the Wise County Special Education Cooperative. The fund had revenues of $2,457,474 which was an increase of $86,599 due to additional contributions from member district needed for increased operating costs. The fund had expenditures of $2,457,474 which was an increase of $28,581 due to additional operating costs because some special education costs were funded with ARP grant funding that ended in the prior year. The fund had no other sources in the current year compared to $58,018 in the prior year due to the issuance of debt for copiers in the prior year.

**Debt Service Fund**

The Debt Service Fund ended fiscal year 2024 with a fund balance of $9,617,776, all of which is restricted for the retirement of long-term debt. The fund balance increased $7,623,967 in the current year.

Total revenues increased $3,868,839, or 99%. The revenues categories with significant changes were local and intermediate sources and state program revenues. Local and intermediate sources increased $3,709,355, or 97%, mostly due to an increase in interest and sinking tax revenue caused by an increase in the interest and sinking tax rate and an increase in property tax values. State program revenues increased $159,484, or 210% due to increased state existing debt allotment funding in the current year. Total expenditures decreased $2,031,280, or 93%, and all for debt service costs due to the change to a June year-end in the current year resulted in the scheduled August debt payments to not fall in the current year.

The Debt Service Fund other financing uses totaled zero in the current year compared to $1,399,526 in the prior year. This was due to the defeasance of a portion of the Series 2020 bonds during the prior year.

**Other Nonmajor Funds**

Other nonmajor funds consist of the various special revenue funds. The total ending fund balance for all other nonmajor funds combined was $1,243,249, an increase of $14,742 from the previous year. All of the nonspendable for prepaid items ending fund balance of $1,325 and restricted ending fund balance of $897,177 is for the national school lunch and breakfast program, and all of the assigned ending fund balance of $344,769 is for campus activities.

Overall, revenues decreased $2,121,568, or 36%, from the preceding year. The revenues categories with significant changes were local and intermediate sources, state program revenues, and federal program revenues. Local and intermediate sources increased $64,136, or 11%, mostly due to an increase in campus activity group revenues. State program revenues increased $140,151, or 76% due to a new state safety grant in the current year. Federal program revenues decreased $2,325,855, or 45% mostly because ESSER grant funding ended after the prior year

Expenditures decreased $2,047,386, or 35%, from the prior year. The most significant variances related to the following:

- Instruction expenditures decreased $2,014,569, or 75%, mostly due to no ESSER funds expended in the current year as the ESSER grant funding ended and those costs were paid in the General Fund in the current year.

- Facilities maintenance and operations expenditures decreased $76,002, or 96%, due to one-time HVAC payment in the prior year.
- Security and monitoring services expenditures increased $95,792, or 127%, mostly due to the new state safety grant expended in the current year.
- Principal on long-term debt expenditures decreased from $79,106 to $0 due to the change to a June year-end in the current year that resulted in no scheduled debt payments in the current year.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. With these adjustments, actual expenditures were $637,511 less than the final budget amounts. No individual functional expenditure area had a significant budget variance.

Concerning budgeted revenues, resources available were $77,891 less than the final budgeted amount. No individual revenue category had a significant budget variance.

As noted previously, the original budget was amended throughout the year. Some of the budget line items in the original budget were materially different than the final adopted budget as follows:

- Local and intermediate sources decreased $4,063,483 to allow for a lower maintenance and operations tax rate than in the original budget.
- State program revenues increased $2,617,933 due to the anticipation of an increase in state aid than in the original budget due to the lower maintenance and operations tax revenue.
- Instruction expenditures decreased $1,098,273 mostly due to the switch to a June year-end that resulted in only 10 months in the current fiscal year.
- Cocurricular/extracurricular activities expenditures decreased $246,056 mostly due to the switch to a June year-end that resulted in only 10 months in the current fiscal year.
- General administration expenditures decreased $206,766 mostly due to the switch to a June year-end that resulted in only 10 months in the current fiscal year.
- Facilities maintenance and operations expenditures decreased $634,149 mostly due to the switch to a June year-end that resulted in only 10 months in the current fiscal year.
- Principal on long-term debt expenditures decreased $506,910 mostly due to the switch to a June year-end that resulted in only 10 months in the current fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2024, the District had invested in a broad range of capital assets totaling $40,622,371, net of accumulated depreciation, including land, buildings and improvements, furniture and equipment, and right-to-use leased furniture and equipment. See Table 7 below.

**Table 7 - Capital Assets, Net**

| | 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|
| Land | $ 3,188,381 | $ 1,050,353 | $ 2,138,028 | 204% |
| Buildings and improvements | 35,193,494 | 36,075,243 | (881,749) | -2% |
| Furniture and equipment | 2,049,293 | 2,338,101 | (288,808) | -12% |
| Right-to-use leased furniture and equipment | 191,203 | 236,894 | (45,691) | -19% |
| **Totals** | $40,622,371 | $39,700,591 | $ 921,780 | 2% |

Capital assets, net of accumulated depreciation, increased $921,780, or 2%, from the previous year. Additional information about the District's capital assets is presented in the notes to the financial statements.

**Long-term Debt**

At June 30, 2024, the District had $10,589,796 in long-term debt outstanding as shown in Table 8 below.

**Table 8 - Long-term Debt**

| | 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|
| General obligation bonds | $ 6,350,000 | $ 6,350,000 | $ - | 0% |
| Bond premiums | 1,192,221 | 1,708,874 | (516,653) | -30% |
| Notes payable | 2,863,895 | 2,941,761 | (77,866) | -3% |
| Right-to-use lease liabilities | 183,680 | 236,077 | (52,397) | -22% |
| **Totals** | $ 10,589,796 | $ 11,236,712 | $ (646,916) | -6% |

The District's bonds presently carry a rating of "AAA" with S&P Global Ratings and an underlying rating of "A+". Additional information about the District's long-term debt is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Revenues in the General Fund's 2024-25 budget are $21,503,740, a decrease of $49,568, or less than 1%, from the General Fund's actual 2023-24 revenues. Local revenues are budgeted to decrease $322,074 due to the decrease in local property tax and state program revenues are budgeted to increase $299,890 due to the Foundation funding increase due to the impact of the decline in property tax revenue on the Foundation calculation.

The General Fund budgeted expenditures for 2024-25 are $22,837,016, an increase of $1,076,149, or 5%, from the prior year's actual expenditures. The most significant changes between years are:

- Instruction is budgeted to increase $604,591, or 6%, mostly due to a 12-month fiscal year for 2024-25 compared to only a 10-month fiscal year in 2023-24.

- General administration is budgeted to increase $296,875, or 23%, mostly due to a 12-month fiscal year for 2024-25 compared to only a 10-month fiscal year in 2023-24.

- Facilities maintenance and operations is budgeted to increase $1,084,000, or 40%, mostly due to a 12-month fiscal year for 2024-25 compared to only a 10-month fiscal year in 2023-24 and additional maintenance and repair projects.

- Debt service principal and interest are budgeted to increase $620,509, or 303%, because the scheduled debt payments that fall in July and August will be paid in 2024-25 when the District has a 12-month fiscal year for 2024-25 compared to only a 10-month fiscal year in 2023-24 that excluded July and August.

- Facilities acquisition and construction is budgeted to decrease to zero from actual expenditures of $2,138,028 in 2023-24 because land was purchased in 2023-24 and no facilities acquisition and construction purchases are anticipated in 2024-25.

If the budget is maintained, the District's General Fund's fund balance is budgeted to decrease $1,333,276 from the balance at June 30, 2024. The budgeted decrease is included in the District's assigned fund balance at June 30, 2024.

**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 District's Business Office.

# *BASIC FINANCIAL STATEMENTS*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT
## STATEMENT OF NET POSITION
## JUNE 30, 2024

| Data Control Codes | | 1 Governmental Activities |
|---|---|---|
| | **Assets** | |
| 1110 | Cash and cash equivalents | $ 1,853,233 |
| 1120 | Current investments | 18,760,828 |
| 1225 | Property taxes receivable, net | 913,113 |
| 1240 | Due from other governments | 3,814,061 |
| 1410 | Unrealized expenses | 85,695 |
| | Capital assets: | |
| 1510 | Land | 3,188,381 |
| 1520 | Buildings and improvements, net | 35,193,494 |
| 1530 | Furniture and equipment, net | 2,049,293 |
| 1550 | Right-to-use leased assets, net | 191,203 |
| 1000 | Total assets | 66,049,301 |
| | **Deferred outflows of resources** | |
| 1701 | Deferred loss on refunding bonds | 49,763 |
| 1705 | Pension-related outflows | 3,344,264 |
| 1706 | OPEB-related outflows | 1,450,823 |
| 1700 | Total deferred outflows of resources | 4,844,850 |
| | **Liabilities** | |
| 2110 | Accounts payable | 588,615 |
| 2140 | Accrued interest payable | 173,050 |
| 2150 | Payroll deductions and withholdings | 483 |
| 2160 | Accrued wages payable | 1,994,048 |
| 2165 | Accrued liabilities | |
| 2180 | Due to other governments | 772,553 |
| 2200 | Accrued expenses | 134,510 |
| 2300 | Unearned revenues | 5,029 |
| | Noncurrent liabilities: | |
| 2501 | Portion due or payable within one year | 2,496,112 |
| 2502 | Portion due or payable after one year | 8,093,684 |
| 2540 | Net pension liability | 9,195,563 |
| 2545 | Net OPEB liability | 4,095,795 |
| 2000 | Total liabilities | 27,549,442 |
| | **Deferred inflows of resources** | |
| 2605 | Pension-related inflows | 704,847 |
| 2606 | OPEB-related inflows | 6,633,278 |
| 2600 | Total deferred inflows of resources | 7,338,125 |
| | **Net Position** | |
| 3200 | Net investment in capital assets | 30,082,338 |
| | Restricted for: | |
| 3820 | Debt service | 9,760,195 |
| 3850 | Food service | 898,480 |
| 3900 | Unrestricted | (4,734,429) |
| 3000 | Total net position | $ 36,006,584 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES**

**FOR THE TEN MONTHS ENDED JUNE 30, 2024**

| Data Control Codes | Functions/Programs | 1 Expenses | 3 Program Revenues: Charges for Services | 4 Program Revenues: Operating Grants and Contributions | 5 Program Revenues: Capital Grants and Contributions | 6 Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|---|
| | Governmental activities: | | | | | |
| 11 | Instruction | $ 13,262,068 | $ 45,480 | $ 2,619,858 | $ - | $ (10,596,730) |
| 12 | Instructional resources and media services | 126,494 | - | 6,769 | - | (119,725) |
| 13 | Curriculum and staff development | 16,129 | - | - | - | (16,129) |
| 21 | Instructional leadership | 263,797 | - | 16,911 | - | (246,886) |
| 23 | School leadership | 1,597,833 | - | 350,075 | - | (1,247,758) |
| 31 | Guidance, counseling, & evaluation services | 1,494,342 | - | 1,109,072 | - | (385,270) |
| 33 | Health services | 288,610 | - | 46,824 | - | (241,786) |
| 34 | Student transportation | 800,651 | - | 39,745 | - | (760,906) |
| 35 | Food services | 1,460,843 | 267,140 | 1,196,220 | - | 2,517 |
| 36 | Cocurricular/extracurricular activities | 1,322,514 | 454,402 | 31,226 | - | (836,886) |
| 41 | General administration | 1,274,235 | - | 150,337 | - | (1,123,898) |
| 51 | Facilities maintenance and operations | 3,028,029 | - | 76,901 | - | (2,951,128) |
| 52 | Security and monitoring services | 421,867 | - | 106,462 | 64,773 | (250,632) |
| 53 | Data processing services | 477,280 | - | 19,409 | - | (457,871) |
| 72 | Interest on long-term debt | (64,143) | - | 242,803 | - | 306,946 |
| 73 | Bond issuance costs and fees | 250 | - | - | - | (250) |
| 99 | Other intergovernmental charges | 243,642 | - | - | - | (243,642) |
| | Total governmental activities | $ 26,014,441 | $ 767,022 | $ 6,012,612 | $ 64,773 | (19,170,034) |
| | General revenues: | | | | | |
| MT | Property taxes, levied for general purposes | | | | | 12,700,446 |
| DT | Property taxes, levied for debt service | | | | | 7,447,660 |
| IE | Investment earnings | | | | | 786,866 |
| SF | State aid formula grants | | | | | 7,113,295 |
| GC | Grants and contributions not restricted to specific programs | | | | | 38,742 |
| MI | Miscellaneous | | | | | 190,119 |
| TR | Total general revenues | | | | | 28,277,128 |
| CN | Change in net position | | | | | 9,107,094 |
| NB | Net position - beginning | | | | | 26,899,490 |
| NE | Net position - ending | | | | | $ 36,006,584 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT
## BALANCE SHEET - GOVERNMENTAL FUNDS
## JUNE 30, 2024

| Data Control Codes | | 10 General Fund | SSA Special Ed Fund | 50 Debt Service Fund |
|---|---|---|---|---|
| | **Assets** | | | |
| 1110 | Cash and cash equivalents | $ 137,723 | $ 832,372 | $ 17,790 |
| 1120 | Current investments | 8,842,787 | 328,586 | 9,532,501 |
| 1225 | Property taxes receivable (net) | 643,194 | - | 269,919 |
| 1240 | Due from other governments | 2,837,078 | - | 67,485 |
| 1260 | Due from other funds | 282,063 | - | - |
| 1410 | Unrealized expenditures | 84,370 | - | - |
| 1000 | Total assets | $ 12,827,215 | $ 1,160,958 | $ 9,887,695 |
| | **Liabilities** | | | |
| 2110 | Accounts payable | $ 354,525 | $ 29,896 | $ - |
| 2150 | Payroll deductions and withholdings | 828 | - | - |
| 2160 | Accrued wages payable | 1,577,428 | 254,947 | - |
| 2170 | Due to other funds | 300 | 282,063 | - |
| 2180 | Due to other governments | - | 576,490 | - |
| 2200 | Accrued expenditures | 96,289 | 17,562 | - |
| 2300 | Unearned revenues | - | - | - |
| 2000 | Total liabilities | 2,029,370 | 1,160,958 | - |
| | **Deferred inflows of resources** | | | |
| | Unavailable property taxes | 643,194 | - | 269,919 |
| 2600 | Total deferred inflows of resources | 643,194 | - | 269,919 |
| | **Fund balances** | | | |
| | Nonspendable: | | | |
| 3430 | Prepaid items | 84,370 | - | - |
| | Restricted: | | | |
| 3450 | Federal/state funds grant restrictions | - | - | - |
| 3480 | Retirement of long-term debt | - | - | 9,617,776 |
| | Committed: | | | |
| 3510 | Construction | 1,935,000 | - | - |
| 3540 | Self-insurance | 50,000 | - | - |
| 3590 | Assigned | 1,333,276 | - | - |
| 3600 | Unassigned | 6,752,005 | - | - |
| 3000 | Total fund balances | 10,154,651 | - | 9,617,776 |
| 4000 | Total liabilities, deferred inflows of resources and fund balances | $ 12,827,215 | $ 1,160,958 | $ 9,887,695 |

*See accompanying notes to the basic financial statements.*

| Other Nonmajor Funds | 98 Total Governmental Funds |
|---|---|
| $ 859,528 | $ 1,847,413 |
| 56,954 | 18,760,828 |
| - | 913,113 |
| 909,498 | 3,814,061 |
| 300 | 282,363 |
| 1,325 | 85,695 |
| $ 1,827,605 | $ 25,703,473 |
| | |
| $ 204,194 | $ 588,615 |
| (345) | 483 |
| 161,673 | 1,994,048 |
| - | 282,363 |
| 196,063 | 772,553 |
| 17,742 | 131,593 |
| 5,029 | 5,029 |
| 584,356 | 3,774,684 |
| | |
| - | 913,113 |
| - | 913,113 |
| | |
| 1,325 | 85,695 |
| | |
| 897,155 | 897,155 |
| - | 9,617,776 |
| | |
| - | 1,935,000 |
| - | 50,000 |
| 344,769 | 1,678,045 |
| - | 6,752,005 |
| 1,243,249 | 21,015,676 |
| | |
| $ 1,827,605 | $ 25,703,473 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
## JUNE 30, 2024

| | | |
|---|---|---|
| Total fund balances - governmental funds (Exhibit C-1) | | $ 21,015,676 |
| Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of: | | |
| Gross capital assets | $ 72,276,818 | |
| Related accumulated depreciation | 31,654,447 | 40,622,371 |
| Property taxes receivable are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds. | | 913,113 |
| Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of: | | |
| General obligation bonds | 6,350,000 | |
| Notes payable | 2,863,895 | |
| Right-to-use lease liabilities | 183,680 | (9,397,575) |
| Premiums on issuance and deferred loss on refunding are expended in the fund level financial statements; however, they are capitalized and amortized in the government-wide financial statements: | | |
| Premiums on issuance of current interest bonds | (1,192,221) | |
| Deferred loss on refunding | 49,763 | (1,142,458) |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are recorded only when due. | | (173,050) |
| The District's net pension liability and related deferred outflows and inflows related to its proportionate share of the Teacher Retirement System pension and OPEB plans are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of: | | |
| Net pension liability | 9,195,563 | |
| Deferred outflows - pension related items | (3,344,264) | |
| Deferred inflows - pension related items | 704,847 | |
| Net OPEB liability | 4,095,795 | |
| Deferred outflows - OPEB related items | (1,450,823) | |
| Deferred inflows - OPEB related items | 6,633,278 | (15,834,396) |
| An internal service fund is used by management to charge the costs of workers' compensation claims to the individual funds. The assets and liabilities of the internal service fund are included with the governmental activities. | | 2,903 |
| Total net position - governmental activities (Exhibit A-1) | | $ 36,006,584 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Data Control Codes | | 10 General Fund | SSA Special Ed Fund | 50 Debt Service Fund |
|---|---|---|---|---|
| | **Revenues** | | | |
| 5700 | Local and intermediate sources | $ 13,369,074 | $ 2,324,867 | $ 7,547,576 |
| 5800 | State program revenues | 8,058,525 | 132,607 | 235,391 |
| 5900 | Federal program revenues | 125,709 | - | - |
| 5020 | Total revenues | 21,553,308 | 2,457,474 | 7,782,967 |
| | **Expenditures** | | | |
| 0011 | Instruction | 9,791,755 | 1,973,365 | - |
| 0012 | Instructional resources and media services | 125,193 | - | - |
| 0013 | Curriculum and staff development | 16,129 | - | - |
| 0021 | Instructional leadership | 264,695 | - | - |
| 0023 | School leadership | 1,211,562 | 406,948 | - |
| 0031 | Guidance, counseling, & evaluation services | 404,410 | 17,999 | - |
| 0033 | Health services | 245,981 | 40,092 | - |
| 0034 | Student transportation | 685,544 | 146 | - |
| 0035 | Food services | - | - | - |
| 0036 | Cocurricular/extracurricular activities | 1,017,672 | - | - |
| 0041 | General administration | 1,272,558 | - | - |
| 0051 | Facilities maintenance and operations | 2,708,544 | 8,240 | - |
| 0052 | Security and monitoring services | 308,412 | - | - |
| 0053 | Data processing services | 421,922 | - | - |
| 0071 | Principal on long-term debt | 121,231 | 9,032 | - |
| 0072 | Interest on long-term debt | 83,712 | 1,652 | 158,750 |
| 0073 | Bond issuance costs and fees | - | - | 250 |
| 0081 | Facilities acquisition and construction | 2,138,028 | - | - |
| 0093 | Payments to shared service arrangements | 699,877 | - | - |
| 0099 | Other intergovernmental charges | 243,642 | - | - |
| 6030 | Total expenditures | 21,760,867 | 2,457,474 | 159,000 |
| 1100 | Excess of revenues over (under) expenditures | (207,559) | - | 7,623,967 |
| | **Other Financing Uses** | | | |
| 8949 | Other uses | (11,313) | - | - |
| 7080 | Total other financing uses | (11,313) | - | - |
| 1200 | **Net change in fund balance** | (218,872) | - | 7,623,967 |
| 0100 | **Fund balances - beginning** | 10,373,523 | - | 1,993,809 |
| 3000 | **Fund balances - ending** | $ 10,154,651 | $ - | $ 9,617,776 |

*See accompanying notes to the basic financial statements.*

| Other Nonmajor Funds | 98 Total Governmental Funds |
|---|---|
| $ 662,273 | $ 23,903,790 |
| 323,714 | 8,750,237 |
| 2,820,673 | 2,946,382 |
| 3,806,660 | 35,600,409 |
| | |
| 682,658 | 12,447,778 |
| 1,641 | 126,834 |
| - | 16,129 |
| - | 264,695 |
| 14,626 | 1,633,136 |
| 1,074,585 | 1,496,994 |
| 3,470 | 289,543 |
| - | 685,690 |
| 1,565,616 | 1,565,616 |
| 274,982 | 1,292,654 |
| - | 1,272,558 |
| 3,105 | 2,719,889 |
| 171,235 | 479,647 |
| - | 421,922 |
| - | 130,263 |
| - | 244,114 |
| - | 250 |
| - | 2,138,028 |
| - | 699,877 |
| - | 243,642 |
| 3,791,918 | 28,169,259 |
| | |
| 14,742 | 7,431,150 |
| | |
| - | (11,313) |
| - | (11,313) |
| | |
| 14,742 | 7,419,837 |
| | |
| 1,228,507 | 13,595,839 |
| $ 1,243,249 | $ 21,015,676 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE TEN MONTHS ENDED JUNE 30, 2024

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds (Exhibit C-2) | | $ 7,419,837 |
| Amounts reported for *governmental activities* in the Statement of Activities (Exhibit B-1) are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows: | | |
| Capital outlay during the year | $ 2,342,479 | |
| Depreciation expense for the year | 1,420,699 | 921,780 |
| Because property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows increased by this amount this year. | | 315,339 |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year long-term debt principal payments are summarized as follows: | | |
| Notes payable | 77,866 | |
| Right-to-use lease liabilities | 52,397 | 130,263 |
| Interest is accrued on long-term debt in the government-wide financial statements, whereas interest is reported when due in the governmental fund financial statements. Accrued interest increased by: | | (158,633) |
| The premium on the current interest bonds and the deferred loss on refunding is amortized over the term of the respective bonds. The net amortization for the year was: | | 466,889 |
| The District participates in a defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year. | | (909,103) |
| The District participates in an OPEB plan through TRS. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, OPEB expenses are recognized on an actuarial basis. Payments were more than the actuarial expense in the current year. | | 919,703 |
| An internal service fund is used by management to charge the costs of workers' compensation claims to the individual funds. The net revenue of the internal service fund is reported with governmental activities. | | 1,019 |
| Change in net position of governmental activities (Exhibit B-1) | | $ 9,107,094 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF NET POSITION**
**INTERNAL SERVICE FUND**
**JUNE 30, 2024**

| Data Control Codes | | Governmental Activities Internal Service Funds |
|---|---|---|
| | **Assets** | |
| | Current assets: | |
| 1110 | Cash and cash equivalents | $ 5,820 |
| | Total current assets | 5,820 |
| 1000 | Total assets | 5,820 |
| | **Liabilities** | |
| | Current liabilities: | |
| 2200 | Accrued expenses | 2,917 |
| | Total current liabilities | 2,917 |
| 2000 | Total liabilities | 2,917 |
| | **Net Position** | |
| 3900 | Unrestricted | 2,903 |
| 3000 | Total net position | $ 2,903 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUND FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Data Control Codes | | Governmental Activities Internal Service Funds |
|---|---|---|
| | Operating revenues: | |
| 5700 | Internal service charges | $ 134 |
| 5020 | Total operating revenues | 134 |
| | Operating expenses: | |
| 6100 | Payroll costs | (815) |
| 6030 | Total operating expenses | (815) |
| | Operating income | 949 |
| | Nonoperating revenue: | |
| 7955 | Earnings from temp. deposits and investments | 70 |
| 8030 | Total nonoperating revenue | 70 |
| 1300 | Change in net position | 1,019 |
| | Net position - beginning | 1,884 |
| | Net position - ending | $ 2,903 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS**
**INTERNAL SERVICE FUND**
**FOR THE TEN MONTHS ENDED JUNE 30, 2024**

| | Governmental Activities Internal Service Funds |
|---|---|
| Cash flows from operating activities: | |
| Cash received from user charges | $ (24,697) |
| Cash payments for claims | (1,146) |
| Cash payments to employees for services | 815 |
| Net cash flows used by operating activities | (25,028) |
| | |
| Cash flows from investing activities: | |
| Interest on investments | 70 |
| Net cash flows from investing activities | 70 |
| | |
| Net Decrease in Cash and Cash Equivalents | (24,958) |
| | |
| Cash and Cash Equivalents - Beginning | 30,778 |
| Cash and Cash Equivalents - Ending | $ 5,820 |
| | |
| Reconciliation of operating income to net cash used by operating activities: | |
| Operating income | $ 949 |
| Adjustments to reconcile operating income to net cash flows used by operating activities: | |
| Decrease (increase) in assets and deferred outflows: | |
| Due from other funds | 1,359 |
| Increase (decrease) in liabilities and deferred inflows: | |
| Accrued expenses | (1,146) |
| Due to other funds | (26,190) |
| Total adjustments | (25,977) |
| Net cash flows used by operating activities | $ (25,028) |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2024**

| Data Control Codes | | Private-Purpose Trust Funds Local Scholarship Funds | Custodial Funds Student Activity |
|---|---|---|---|
| | **Assets** | | |
| 1110 | Cash and cash equivalents | $ - | $ 82,502 |
| 1800 | Restricted assets | 21,782 | - |
| 1900 | Long-term investments | 303,782 | - |
| 1000 | Total assets | 325,564 | 82,502 |
| | **Liabilities** | | |
| | Current Liabilities: | | |
| 2110 | Accounts payable | - | 1,365 |
| 2000 | Total liabilities | - | 1,365 |
| | **Net Position** | | |
| 3800 | Held in trust | 325,564 | 81,137 |
| | Total net position | $ 325,564 | $ 81,137 |

*See accompanying notes to the basic financial statements.*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FOR THE TEN MONTHS ENDED JUNE 30, 2024

| | Private-Purpose Trust Funds | Custodial Funds |
|---|---|---|
| | Local Scholarship Funds | Student Activity |
| **Additions** | | |
| Gifts and contributions | $ 50,366 | $ - |
| Investment income | 6,000 | - |
| Student activity | - | 127,434 |
| Total additions | 56,366 | 127,434 |
| **Deductions** | | |
| Scholarship awards | 57,782 | - |
| Student activity | - | 178,044 |
| Total deductions | 57,782 | 178,044 |
| **Change in net position** | (1,416) | (50,610) |
| **Net position - beginning of year** | 326,980 | 131,747 |
| **Net position - end of year** | $ 325,564 | $ 81,137 |

*See accompanying notes to the basic financial statements.*

## A. Summary of Significant Accounting Policies

The basic financial statements of Bridgeport Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### 1. Reporting Entity

The Board of School Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity except for the Bridgeport ISD Education Foundation, Inc. (Foundation).

The Foundation was established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and support other District activities. This entity is a related organization of the District as defined by GASB Statement No. 14. The members of the board of the Foundation are appointed by an outside taxpayer group; however, the sole purpose of the organization is for the support of the District and due to the fact that the assets held by the Education Foundation are material, the assets, liabilities, net position, current year earnings and expense have been included as a fiduciary fund component unit.

House Bill 98 enacted by the 76$^{th}$ Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to change its fiscal year beginning with the 2023-2024 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2023 through June 30, 2024.

### 2. Basis of Presentation, Basis of Accounting

#### a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

SSA – Special Education Fund: This special revenue fund accounts for the activities of the Wise County SSA, for which the District is the fiscal agent. The SSA provides special education services to students in the six member districts. This is not a budgeted fund.

Debt Service Fund: This fund is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

In addition, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds: The District accounts for activities funded with restricted or committed revenues in special revenue funds. Most federal and some state grant programs are accounted for in these funds.

Proprietary Funds:

Internal Service Fund: This fund is used to account for revenues and expenses related to self-funded workers' compensation services provided to parties inside the District. This fund facilitates distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

The Internal Service Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Internal Service Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds:

Private-Purpose Trust Fund: The District accounts for donations for which the donor stipulated that both the principal and income may be used for purposes that benefit parties outside the District.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are reported in the fiduciary fund financial statements. Because their assets are held in a custodial capacity and are, therefore, not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash and cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

At June 30, 2024, net property taxes receivable is calculated as follows:

| | |
|---|---|
| Gross property taxes receivable | $1,132,636 |
| Allowance for uncollectible taxes | ( 219,523) |
| Net property taxes receivable | $ 913,113 |

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Deferred Outflows/Inflows of Resources

Deferred outflows of resources refers to the consumption of net assets that are applicable to a future reporting period. Deferred outflows of resources has a positive effect on net position, similar to assets. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred outflows of resources are not assets.

Deferred inflows of resources refers to the acquisition of net assets that are applicable to a future reporting period. Deferred inflows of resources has a negative effect on net position, similar to liabilities. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred inflows of resources are not liabilities.

e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are depreciated using the straight-line method over the following useful lives:

| Asset Class | Estimated Useful Lives |
|---|---|
| Buildings | 60 years |
| Building improvements | 7 - 40 years |
| Furniture and equipment | 5 - 20 years |
| Right-to-use leased furniture and equipment | 4 - 5 years |

f. Right-to-Use Leases

The District is a lessee for four noncancellable leases for furniture and equipment. The District recognizes lease liabilities, reported with long-term debt, and right-to-use lease assets (lease assets), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or 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 any purchase option price that the District is reasonably certain to exercise, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

g. Receivable and Payable Balances

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

There are no significant receivables, except for delinquent taxes receivable, which are not scheduled for collection within one year of year end. Of the $1,132,636 outstanding at June 30, 2024, it is expected that the District will collect approximately $225,000 during the upcoming year.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

The amount of Foundation revenues 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 reasonably possible that Foundation revenue estimates as of June 30, 2024 will change.

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action (passage of resolution) by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. At June 30, 2024, the Board of Trustees have committed fund balances of $1,935,000 for construction and $50,000 for self-insurance.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Per the fiscal management policies adopted by the Board of Trustees, the Board of Trustees, Superintendent and Chief Financial Officer are authorized to assign amounts for specific purposes. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. At June 30, 2024, $1,333,276 has been assigned for the adopted deficit budget in the General Fund for the year ending June 30, 2025.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

l. Fund Balance Flow Assumptions

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

m. Net Position Flow Assumptions

Consistent with the aforementioned policy for fund balance flow assumptions, the District considers amounts to have been spent first out of restricted net position when an expense is incurred for which restricted and unrestricted net position are available.

n. Pension

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' 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.

o. Other Post-Employment Benefits

The fiduciary net position of the TRS's 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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

The District had no violations of finance-related legal and contractual provisions for the ten months ended June 30, 2024, except for expending more than the General Fund budgeted amounts in the functional area of interest on long-term debt ($5,223).

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The District did not incur a deficit fund balance in any fund during the current school year.

C. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $1,853,233 and the bank balance was $2,014,743. The District's cash deposits at June 30, 2024, and during the ten months ended June 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at June 30, 2024, are shown below.

| Investment or Investment Type | Weighted Average Maturity (Days) | Fair Value |
|---|---|---|
| TexPool Investment Pool | 36 | $18,760,828 |

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. The District values its investment in TexPool investment pool at net asset value per unit/share.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District participates in the following public funds investment pool:

TexPool Investment Pool

The TexPool Local Government Investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Private-Purpose Trust Funds

The Bridgeport ISD Education Foundation is reported as a private-purpose trust fund and had long-term investments in the Statement of Fiduciary Net Position consisting of the following as of June 30, 2024:

| Investment or Investment Type | Weighted Average Maturity (Days) | Fair Value |
|---|---|---|
| Certificates of deposit | 198 | $140,959 |
| Money market | 1 | 20,007 |
| Variable annuity | 1 | 142,816 |
| | | $303,782 |

The certificate of deposit and money market accounts are valued based on their bank statements and the variable annuity is valued at fair value based on published values (Level 2).

D. Capital Assets

Capital asset activity for the ten months ended June 30, 2024 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 1,050,353 | $2,138,028 | $ - | $ 3,188,381 |
| Total capital assets not being depreciated | 1,050,353 | 2,138,028 | - | 3,188,381 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 60,665,522 | 64,773 | - | 60,730,295 |
| Furniture and equipment | 7,679,871 | 139,678 | - | 7,819,549 |
| Right-to-use leased furniture and equipment | 538,593 | - | - | 538,593 |
| Total capital assets being depreciated | 68,883,986 | 204,451 | - | 69,088,437 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 24,590,279 | 946,522 | - | 25,536,801 |
| Furniture and equipment | 5,341,770 | 428,486 | - | 5,770,256 |
| Right-to-use leased furniture and equipment | 301,699 | 45,691 | - | 347,390 |
| Total accumulated depreciation | 30,233,748 | 1,420,699 | - | 31,654,447 |
| Total capital assets being depreciated, net | 38,650,238 | ( 1,216,248) | - | 37,433,990 |
| Governmental activities capital assets, net | $39,700,591 | $ 921,780 | $ - | $40,622,371 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental activities: | |
| Instruction | $838,698 |
| School Leadership | 9,670 |
| Student Transportation | 116,893 |
| Food Services | 26,862 |
| Extracurricular Activities | 31,573 |
| General Administration | 4,861 |
| Facilities Maintenance and Operations | 328,852 |
| Security and Monitoring Services | 6,993 |
| Data Processing Services | 56,297 |
| Total governmental depreciation | $1,420,699 |

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and from other funds at June 30, 2024, consist of the following:

| Due To Fund | Due From Fund | Amount | Purpose |
|---|---|---|---|
| General Fund | SSA Special Ed. Fund | $282,063 | Short-term loan |
| Other Nonmajor Funds | General Fund | 300 | Short-term loan |
| | Total | $282,363 | |

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

There were no amounts transferred to and from other funds during the ten months ended June 30, 2024.

F. Long-term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the ten months ended June 30, 2024, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| General obligation bonds | $ 6,350,000 | $ - | $ - | $ 6,350,000 | $1,800,000 |
| Premium on bonds | 1,708,874 | - | 516,653 | 1,192,221 | - |
| Notes payable | 2,941,761 | - | 77,866 | 2,863,895 | 630,890 |
| Right-to-use leases payable | 236,077 | - | 52,397 | 183,680 | 65,222 |
| Total Governmental Activities | $11,236,712 | $ - | $646,916 | $10,589,796 | $2,496,112 |

2. Debt Service Requirements

Debt service requirements on long-term debt excluding the premium on bonds at June 30, 2024, are as follows:

| Ten Months Ending June 30, | Governmental Activities | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2025 | $2,496,112 | $ 407,482 | $ 2,903,594 |
| 2026 | 1,322,194 | 312,506 | 1,634,700 |
| 2027 | 1,386,192 | 171,566 | 1,557,758 |
| 2028 | 1,299,459 | 104,827 | 1,404,286 |
| 2029 | 1,193,618 | 115,062 | 1,308,680 |
| 2030-2031 | 1,700,000 | 64,250 | 1,764,250 |
| Totals | $9,397,575 | $1,175,693 | $10,573,268 |

3. General Obligation Bonds

A summary of changes in general obligation bonds for the ten months ended June 30, 2024, is as follows:

| | Amounts Outstanding 9/1/23 | Issued | Retired | Amounts Outstanding 6/30/24 |
|---|---|---|---|---|
| Unlimited Tax Refunding Bonds, Series 2020, Original Issue of $14,560,000, Interest 5.00% | $6,350,000 | $ - | $ - | $6,350,000 |

There are a number of limitations and restrictions contained in the general obligation bonds indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions.

Debt service requirements for the above-listed general obligation bonds are as follows:

| Ten Months Ending June 30, | General Obligation Bonds | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2025 | $1,800,000 | $272,500 | $2,072,500 |
| 2026 | 590,000 | 212,750 | 802,750 |
| 2027 | 715,000 | 107,125 | 822,125 |
| 2028 | 755,000 | 70,375 | 825,375 |
| 2029 | 790,000 | 104,750 | 894,750 |
| 2030-2031 | 1,700,000 | 64,250 | 1,764,250 |
| Totals | $6,350,000 | $831,750 | $7,181,750 |

4. Advanced Refunding of Debt

The District defeased $1,300,000 of the of the Series 2020 general obligation bonds in the prior year by placing the necessary funds in an irrevocable trust to provide for the future debt service payments of those bonds. These bonds will be paid in 2024-25 when they become callable.

4. Notes Payable

A summary of changes in notes payable for the ten months ended June 30, 2024, is as follows:

| | Amounts Outstanding 9/1/23 | Issued | Retired | Amounts Outstanding 6/30/24 |
|---|---|---|---|---|
| 2013 QSCB Maintenance Tax Notes, original issue of $5,900,000, interest at 5.11%, annual principal payments of $275,000 to $535,000 through 8/15/2028, secured by pledge of maintenance and operations taxes | $2,393,618 | $ - | $ - | $2,393,618 |
| KS State Bank note payable, original amount of $492,240, interest at 6.00%, monthly payments of $9,516 until November 2026 | 330,705 | - | 77,866 | 252,839 |
| CSI Leasing payable, original amount $292,397, interest at 1.70%, annual payments of $74,958 until July 2026 | 217,430 | - | - | 217,438 |
| | $2,941,761 | $ - | $77,866 | $2,863,895 |

Debt service requirements for the above listed notes payable are as follows:

| Ten Months Ending June 30, | Notes Payable | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2025 | $ 630,890 | $128,822 | $ 759,712 |
| 2026 | 664,315 | 96,253 | 760,568 |
| 2027 | 630,072 | 63,460 | 693,532 |
| 2028 | 535,000 | 34,294 | 569,294 |
| 2029 | 403,618 | 10,312 | 413,930 |
| Totals | $2,863,895 | $333,141 | $3,197,036 |

The notes are authorized by Title 1 Texas Administrative Code, Chapter 5.401.

5. Right-to-use Leases Payable

The Public Property Finance Act authorizes the District to enter into lease agreements for the purchase of personal property.

The District leased copiers with an initial lease value of $216,130. Forty-eight monthly payments of $4,880 are due each month beginning in December 2022. The lease is computed at the District's incremental borrowing rate of 4.00%.

The District leased copiers with an initial lease value of $58,018. Sixty monthly payments of $1,068 are due each month beginning in April 2023. The lease is computed at the District's incremental borrowing rate of 4.00%.

The assets under right-to-use leases payable and related accumulated depreciation at June 30, 2024 are included in right-to-use leased furniture and equipment in Note D.

Debt service requirements on the right-to-use leases payable at June 30, 2024 are as follows:

| Ten Months | Right-to-use Leases Payable | | |
|---|---|---|---|
| Ending June 30, | Principal | Interest | Total |
| 2025 | $ 65,222 | $ 6,160 | $ 71,382 |
| 2026 | 67,879 | 3,503 | 71,382 |
| 2027 | 41,120 | 981 | 42,101 |
| 2028 | 9,459 | 158 | 9,617 |
| Totals | $183,680 | $10,802 | $194,482 |

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, 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.

The District has elected to participate in a self-insurance plan for workers' compensation benefits. The plan is authorized by Section 504.011 of the Labor Code. Claims Administrative Services, Inc. acts as third-party administrator of the Texas Educational Insurance Association.

H. Defined Benefit Pension Plan

1. Plan Description

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

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

2. 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/Pages/aboutpublications.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

3. 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 a 2.3 percent multiplier times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are

no automatic post-employment benefit changes; including automatic cost of living adjustments (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 a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

4. 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 6.0% 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 2019 thru 2025.

| Contribution Rates | | |
|---|---|---|
| | 2023 | 2024 |
| Members (Employees) | 8.00% | 8.25% |
| Non-Employer Contributing Entity (State) | 8.00% | 8.25% |
| Employer (District) | 8.00% | 8.25% |
| | | |
| Members (Employees) | $1,306,440 | $1,158,403 |
| Non-Employer Contributing Entity (State) | $ 861,802 | $ 824,517 |
| Employer (District) | $ 686,412 | $ 585,614 |

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as 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 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% 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.

5. Actuarial Assumptions

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

| | |
|---|---|
| Valuation Date | August 31, 2022 rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term Expected Investment Rate of Return | 7.00% |
| Municipal Bond Rate as of August 2023 | 4.13%, source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". |
| Inflation | 2.30% |
| Salary Increases Including Inflation | 2.95% to 8.95% |
| Benefit Changes during the year | None |
| Ad hoc post-employment benefit changes | None |

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

6. Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

| Asset Class* | Target Allocation % ** | Long-term Expected Geometric Real Rate of Return *** | Expected Contribution to Long-term Portfolio Returns |
|---|---|---|---|
| **Global Equity** | | | |
| USA | 18.0% | 4.0% | 1.0% |
| Non-U.S. Developed | 13.0% | 4.5% | 0.9% |
| Emerging Markets | 9.0% | 4.8% | 0.7% |
| Private Equity * | 14.0% | 7.0% | 1.5% |
| **Stable Value** | | | |
| Government Bonds | 16.0% | 2.5% | 0.5% |
| Absolute Return * | 0.0% | 3.6% | 0.0% |
| Stable Value Hedge Funds | 5.0% | 4.1% | 0.2% |
| **Real Return** | | | |
| Real Estate | 15.0% | 4.9% | 1.1% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.8% | 0.4% |
| Commodities | 0.0% | 4.4% | 0.0% |
| **Risk Parity** | 8.0% | 4.5% | 0.4% |
| **Asset Allocation Leverage** | | | |
| Cash | 2.0% | 3.7% | 0.0% |
| Asset Allocation Leverage | -6.0% | 4.4% | -0.1% |
| Inflation Expectation | | | 2.3% |
| Volatility Drag **** | | | -0.9% |
| **Expected Return** | 100.00% | | 8.0% |

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

7. Discount Rate Sensitivity Analysis

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| District's proportionate share of the net pension liability | $13,747,876 | $9,195,563 | $5,410,312 |

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

At June 30, 2024, the District reported a liability of $9,195,563 for its proportionate share of the TRS's August 31, 2023 net pension liability. This liability reflects a reduction for the 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 | $ 9,195,563 |
| State's proportionate share that is associated with the District | 11,688,525 |
| Total | $20,884,088 |

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the District's proportion of the collective net pension liability was 0.0133869793%, which was a decrease of .0004605566% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

The amount of pension expense recognized by the District in the reporting period was $1,496,428.

For the ten months ended June 30, 2024, the District recognized pension expense of $1,764,866 and revenue of $874,676 for support provided by the State.

At June 30, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Difference between expected and actual actuarial experience | $ 327,641 | $111,348 |
| Changes in actuarial assumptions | 869,720 | 212,840 |
| Difference between projected and actual investment earnings | 1,338,177 | - |
| Changes in proportion and difference between District contributions and proportionate share of contributions | 223,112 | 380,659 |
| Contributions paid to TRS subsequent to the measurement date of the net pension liability | 585,614 | - |
| Total | $3,344,264 | $704,847 |

$585,614 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the plan year ending August 31, 2024. The net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement Year Ended August 31 | Pension Expense Amount | Balance of Deferred Outflows (Deferred Inflows) |
|---|---|---|
| 2024 | $ 389,305 | $1,664,498 |
| 2025 | 218,851 | 1,445,647 |
| 2026 | 1,105,824 | 339,823 |
| 2027 | 330,651 | 9,172 |
| 2028 | 9,172 | - |

I. Defined Other Post-Employment Benefit Plans

1. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed 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/aboutpublications.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

| TRS-Care Monthly Premium Rates | | |
|---|---|---|
| | 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 |

4. 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 or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is .75% of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

| | 2023 | 2024 |
|---|---|---|
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers (District) | 0.75% | 0.75% |
| Federal/private funding remitted by Employers | 1.25% | 1.25% |
| | | |
| Employer Contributions | $160,143 | $138,488 |
| Member Contributions | $106,148 | $ 91,268 |
| NECE On-behalf Contributions | $178,772 | $159,992 |

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to 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 $21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

| | |
|---|---|
| Valuation Date | August 31, 2022 rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 4.13% as of August 31, 2023 |
| 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. |
| Projected Salary Increases | 2.95% to 8.95%, including inflation |
| Healthcare Trend Rates | 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years. |
| Election Rates | Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None |

6. Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. This was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (4.13%) in measuring the net OPEB liability.

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | $4,823,994 | $4,095,795 | $3,501,568 |

The following schedule presents the net OPEB liability of the plan using the assumed healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the current healthcare cost trend rate | $3,372,682 | $4,095,795 | $5,026,082 |

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

At June 30, 2024, the District reported a liability of $4,095,795 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for the 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 | $4,095,795 |
| State's proportionate share that is associated with the District | 4,942,206 |
| Total | $9,038,001 |

The net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0185009421%, which was a decrease of 0.0010132468% from its proportion measured as of August 31, 2022.

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 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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 the District in the reporting period was negative $780,867.

For the ten months ended June 30, 2024, the District recognized OPEB expense of negative $1,056,539 and revenue of $193,657 for support provided by the State.

At June 30, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Differences between expected and actual economic experience | $ 185,304 | $3,445,836 |
| Changes in actuarial assumptions | 559,046 | 2,507,964 |
| Difference between projected and actual investment earnings | 1,770 | - |
| Changes in proportion and difference between District contributions and proportionate share of contributions | 566,215 | 679,478 |
| Contributions paid to TRS subsequent to the measurement date | 138,488 | - |
| Total | $1,450,823 | $6,633,278 |

$138,488 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the plan year ending August 31, 2024. The remaining net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended August 31 | OPEB Expense Amount | Balance of Deferred Outflows (Deferred Inflows) |
|---|---|---|
| 2024 | ($1,121,776) | ($4,199,167) |
| 2025 | ( 933,921) | ( 3,265,246) |
| 2026 | ( 679,598) | ( 2,585,648) |
| 2027 | ( 792,037) | ( 1,793,611) |
| 2028 | ( 691,537) | ( 1,102,074) |
| Thereafter | ( 1,102,074) | - |

9. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of $95,715 for the ten months ended June 30, 2024, and $89,663 and $69,621 for the years ended August 31, 2023, and 2022, respectively.

J. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which 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, refunds of any money received may be required and the collectability of any related receivable 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 statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District as of June 30, 2024.

K. Workers' Compensation Coverage

During the ten months ended June 30, 2024, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds these reserves. As of August 31, 2023, the Fund carries a discounted reserve of $48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the ten months ended June 30, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Prior to September 1, 2011 and September 1, 2015, the District and Wise County Shared Services, respectively, had participated in a self-funded plan through Hibbs-Hallmark & Company / Claims Administrative Services (CAS) in the West Texas Education Insurance Association.

As of June 30, 2024, the workers' compensation benefit obligation consisted of $2,917 in reported unpaid claims and estimated incurred but not reported claims. These amounts represent estimated ultimate costs to settle claims. Net position at year-end contains a balance of $2,903. A summary of the changes in the benefit obligation is as follows:

| | | |
|---|---|---|
| Balance as of September 1, 2023 | | $4,063 |
| Incurred claims/adjustments: | | |
| Provision for insured events for 2023-24 | $ - | |
| Provision for insured events for prior years | ( 888) | |
| Total incurred claims/adjustments | | ( 888) |
| Payments: | | |
| Claims attributable to insured events for 2023-24 | - | |
| Claims attributable to insured events for prior years | 258 | |
| Total payments | | 258 |
| Balance as of June 30, 2024 | | $2,917 |

L. Economic Dependency

The District's top two taxpayers' tax levy equals $2,657,022, or approximately 13%, of the total levy for 2023-24. A significant decline in tax receipts from either of those entities could have a material adverse effect on the District's operations.

M. Shared Services Arrangements

Shared Services Arrangement – Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

| Member Districts | Special Education Expenditures |
|---|---|
| Alvord ISD | $ 298,526 |
| Boyd ISD | 401,491 |
| Bridgeport ISD | 699,877 |
| Chico ISD | 254,321 |
| Paradise ISD | 477,511 |
| Slidell ISD | 148,358 |
| Total | $2,280,084 |

N. New Accounting Pronouncement

GASB Statement No. 101, Compensated Absences, is effective for fiscal years beginning after December 15, 2023. The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective will be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Though GASB Statement No. 101 will be effective for the fiscal year 2024-25, the financial impact is not known at this time.

# *REQUIRED SUPPLEMENTARY INFORMATION*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**
**FOR THE TEN MONTHS ENDED JUNE 30, 2024**

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| | **Revenues** | | | | |
| 5700 | Local and intermediate sources | $ 17,355,942 | $ 13,292,459 | $ 13,369,074 | $ 76,615 |
| 5800 | State program revenues | 5,599,991 | 8,217,924 | 8,058,525 | (159,399) |
| 5900 | Federal program revenues | 16,708 | 120,816 | 125,709 | 4,893 |
| 5020 | Total revenues | 22,972,641 | 21,631,199 | 21,553,308 | (77,891) |
| | **Expenditures** | | | | |
| | Instruction & instructional related services: | | | | |
| 0011 | Instruction | 11,007,035 | 9,908,762 | 9,791,755 | 117,007 |
| 0012 | Instructional resources and media services | 146,616 | 126,876 | 125,193 | 1,683 |
| 0013 | Curriculum and staff development | 33,794 | 17,737 | 16,129 | 1,608 |
| | Total instruction and instructional related services | 11,187,445 | 10,053,375 | 9,933,077 | 120,298 |
| | Instructional and school leadership: | | | | |
| 0021 | Instructional leadership | 315,055 | 269,814 | 264,695 | 5,119 |
| 0023 | School leadership | 1,370,724 | 1,222,931 | 1,211,562 | 11,369 |
| | Total instructional and school leadership | 1,685,779 | 1,492,745 | 1,476,257 | 16,488 |
| | Support services - student (pupil): | | | | |
| 0031 | Guidance, counseling and evaluation services | 493,945 | 407,740 | 404,410 | 3,330 |
| 0033 | Health services | 279,542 | 250,938 | 245,981 | 4,957 |
| 0034 | Student transportation | 834,175 | 775,944 | 685,544 | 90,400 |
| 0036 | Cocurricular/extracurricular activities | 1,310,196 | 1,064,140 | 1,017,672 | 46,468 |
| | Total support services - student (pupil) | 2,917,858 | 2,498,762 | 2,353,607 | 145,155 |
| | Administrative support services: | | | | |
| 0041 | General administration | 1,530,710 | 1,323,944 | 1,272,558 | 51,386 |
| | Total administrative support services | 1,530,710 | 1,323,944 | 1,272,558 | 51,386 |
| | Support services - nonstudent based: | | | | |
| 0051 | Facilities maintenance and operations | 3,514,976 | 2,880,827 | 2,708,544 | 172,283 |
| 0052 | Security and monitoring services | 293,450 | 309,702 | 308,412 | 1,290 |
| 0053 | Data processing services | 462,729 | 436,566 | 421,922 | 14,644 |
| | Total support services - nonstudent based | 4,271,155 | 3,627,095 | 3,438,878 | 188,217 |
| | Debt service: | | | | |
| 0071 | Principal on long-term debt | 653,736 | 146,826 | 121,231 | 25,595 |
| 0072 | Interest on long-term debt | 173,978 | 78,489 | 83,712 | (5,223) |
| 0073 | Bond issuance costs and fees | - | - | - | - |
| | Total debt service | 827,714 | 225,315 | 204,943 | 20,372 |
| | Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | 2,150,000 | 2,138,028 | 2,138,028 | - |
| | Total capital outlay | 2,150,000 | 2,138,028 | 2,138,028 | - |
| | Intergovernmental charges: | | | | |
| 0093 | Payments to shared service arrangements | 795,472 | 795,472 | 699,877 | 95,595 |
| 0099 | Other intergovernmental charges | 305,000 | 243,642 | 243,642 | - |
| | Total intergovernmental charges | 1,100,472 | 1,039,114 | 943,519 | 95,595 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**
**FOR THE TEN MONTHS ENDED JUNE 30, 2024**

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| 6030 | Total expenditures | 25,671,133 | 22,398,378 | 21,760,867 | 637,511 |
| 1100 | Excess of revenues over (under) expenditures | (2,698,492) | (767,179) | (207,559) | 559,620 |
| | **Other Financing Uses** | | | | |
| 8949 | Other uses | - | - | (11,313) | (11,313) |
| 7080 | Total other financing uses | - | - | (11,313) | (11,313) |
| 1200 | **Net change in fund balance** | (2,698,492) | (767,179) | (218,872) | 548,307 |
| 0100 | **Fund balances - beginning** | 10,373,523 | 10,373,523 | 10,373,523 | - |
| 3000 | **Fund balances - ending** | $ 7,675,031 | $ 9,606,344 | $ 10,154,651 | $ 548,307 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**TEACHER RETIREMENT SYSTEM OF TEXAS**
**TEN MONTHS ENDED JUNE 30, 2024**

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| District's proportion of the net pension liability | 0.013386979% | 0.013847536% | 0.013063484% |
| District's proportionate share of the net pension liability | $ 9,195,563 | $ 8,220,926 | $ 3,226,807 |
| State's proportionate share of the net pension liability associated with the District | 11,688,525 | 10,986,153 | 5,196,448 |
| Total | $ 20,884,088 | $ 19,207,079 | $ 8,423,255 |
| District's covered employee payroll | $ 16,330,497 | $ 16,307,942 | $ 15,913,183 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 56.31% | 50.41% | 20.28% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.15% | 75.62% | 88.79% |

The column label is the District's fiscal year. The data is derived from the Teacher Retirement System of Texas' Annual Comprehensive Financial Report for the preceding year ending on August 31st.

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| 0.013207499% | 0.014080944% | 0.014497556% | 0.014464412% | 0.014347600% | 0.015400100% | 0.011315000% |
| $ 7,073,667 | $ 7,319,715 | $ 7,979,807 | $ 4,624,940 | $ 5,421,726 | $ 5,443,730 | $ 3,022,394 |
| 11,211,409 | 10,113,003 | 11,366,013 | 6,926,663 | 8,721,923 | 8,154,814 | 7,210,432 |
| $ 18,285,076 | $ 17,432,718 | $ 19,345,820 | $ 11,551,603 | $ 14,143,649 | $ 13,598,544 | $ 10,232,826 |
| $ 15,894,180 | $ 14,673,911 | $ 14,775,752 | $ 14,573,952 | $ 14,506,829 | $ 13,923,218 | $ 13,902,371 |
| 44.50% | 49.88% | 54.01% | 31.73% | 37.37% | 39.10% | 21.74% |
| 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 83.25% | 78.43% |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS**
**TEACHER RETIREMENT SYSTEM OF TEXAS**
**TEN MONTHS ENDED JUNE 30, 2024**

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Contractually required contribution | $ 585,614 | $ 686,412 | $ 646,167 |
| Contributions in relation to the contractually required contribution | (585,614) | (686,412) | (646,167) |
| Contribution deficiency | $ - | $ - | $ - |
| District's covered employee payroll | $ 14,041,250 | $ 16,330,497 | $ 16,307,942 |
| Contributions as a percentage of covered employee payroll | 4.17% | 4.20% | 3.96% |

Note - the contractually required contributions are for the District's indicated fiscal year. For 2024, the 10 months ended June 30. For all other years, this is for year ended August 31st.

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| $ 557,481 | $ 545,145 | $ 491,946 | $ 488,450 | $ 474,059 | $ 455,858 | $ 456,715 |
| (557,481) | (545,145) | (491,946) | (488,450) | (474,059) | (455,858) | (456,715) |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| $ 15,913,183 | $ 15,894,180 | $ 14,673,911 | $ 14,775,752 | $ 14,574,055 | $ 14,506,829 | $ 13,923,218 |
| 3.50% | 3.43% | 3.35% | 3.31% | 3.25% | 3.14% | 3.28% |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY**
**TEACHER RETIREMENT SYSTEM OF TEXAS**
**TEN MONTHS ENDED JUNE 30, 2024**

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| District's proportion of the net OPEB liability | 0.018500942% | 0.019514189% | 0.018801319% |
| District's proportionate share of the net OPEB liability | $ 4,095,795 | $ 4,672,478 | $ 7,252,509 |
| State's proportionate share of the net OPEB liability associated with the District | 4,942,206 | 5,699,690 | 9,716,746 |
| Total | $ 9,038,001 | $ 10,372,168 | $ 16,969,255 |
| District's covered employee payroll (Plan year end August 31) | $ 16,330,497 | $ 16,307,942 | $ 15,913,183 |
| District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll | 25.08% | 28.65% | 45.58% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 14.94% | 11.52% | 6.18% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the column label is the District's fiscal year. The data is derived from the Teacher Retirement System of Texas' Annual Comprehensive Financial Report for the preceding year.

| 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|
| 0.019231916% | 0.019008115% | 0.018827958% | 0.018316945% |
| $ 7,310,920 | $ 8,989,170 | $ 9,400,972 | $ 7,965,352 |
| 9,824,124 | 11,944,597 | 12,012,436 | 10,869,923 |
| $ 17,135,044 | $ 20,933,767 | $ 21,413,408 | $ 18,835,275 |
| $ 15,894,180 | $ 14,673,911 | $ 14,775,752 | $ 14,573,952 |
| 46.00% | 61.26% | 63.62% | 54.65% |
| 4.99% | 2.66% | 1.57% | 0.91% |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF DISTRICT'S OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS**
**TEACHER RETIREMENT SYSTEM OF TEXAS**
**TEN MONTHS ENDED JUNE 30, 2024**

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Contractually required contribution | $ 138,488 | $ 160,143 | $ 160,278 |
| Contributions in relation to the contractually required contribution | (138,488) | (160,143) | (160,278) |
| Contribution deficiency | $ - | $ - | $ - |
| District's covered employee payroll | $ 14,041,250 | $ 16,330,497 | $ 16,307,942 |
| Contributions as a percentage of covered employee payroll | 0.99% | 0.98% | 0.98% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the contractually required contribution is for the District's indicated fiscal year. For 2024, the ten months ended June 30. For all others years, this is for year ended August 31st.

| 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|
| $ 146,881 | $ 146,176 | $ 129,441 | $ 129,897 |
| (146,881) | (146,176) | (129,441) | (129,897) |
| $ - | $ - | $ - | $ - |
| $ 15,913,183 | $ 15,894,180 | $ 14,673,911 | $ 14,775,752 |
| 0.92% | 0.92% | 0.88% | 0.88% |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*
*FOR THE TEN MONTHS ENDED JUNE 30, 2024*

A. Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

1. Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board of Trustees 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 the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board of Trustees.

Once a budget is approved, it can be amended at 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. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

During the ten months ended June 30, 2024, the District expended more than the General Fund budgeted amount in the functional areas of interest on long-term debt by $5,223.

B. Defined Benefit Pension Plan

1. Change of Benefit Terms

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

2. Changes of Assumptions

The actuarial assumptions and methods are the same as used in the determination of the prior years' Net Pension Liability.

C. OPEB Plan

1. Change of Benefit Terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

2. Changes of Assumptions

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 single discount rate changed from 3.91% as of August 31, 2022 to 4.13%, as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

# *OTHER SUPPLEMENTARY INFORMATION SECTION*

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF DELINQUENT TAXES RECEIVABLE

## FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Fiscal Year Ending June 30/August 31, | 1 Tax Rates Maintenance | 2 Tax Rates Debt Service | 3 Assessed/Appraised Value for School Tax Purposes |
|---|---|---|---|
| 2015 and Prior Years | $ Various | $ Various | $ Various |
| 2016 | 1.0400 | 0.1800 | 1,401,361,494 |
| 2017 | 1.0400 | 0.2045 | 1,263,098,634 |
| 2018 | 1.0400 | 0.2082 | 1,269,694,332 |
| 2019 | 1.0400 | 0.2082 | 1,332,152,782 |
| 2020 | 0.9700 | 0.2082 | 1,406,563,731 |
| 2021 | 0.9664 | 0.1577 | 1,425,435,734 |
| 2022 | 0.9242 | 0.1370 | 1,532,352,507 |
| 2023 | 0.8546 | 0.2066 | 1,791,888,670 |
| 2024 (School year under audit) | 0.6692 | 0.3920 | 2,003,777,811 |
| 1000 Totals | | | |

Amount of taxes refunded under Section 26.115, Tax Code

The District changed its fiscal year end effective for the 2023-24 fiscal year from August 31 to June 30.

| 10<br>Beginning<br>Balance<br>9/1/2023 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>6/30/2024 |
|---|---|---|---|---|---|
| $ 77,211 | $ - | $ 4,165 | $ 721 | $ (2,957) | $ 69,368 |
| 16,021 | - | 1,226 | 212 | (122) | 14,461 |
| 16,581 | - | 1,070 | 210 | (814) | 14,487 |
| 24,023 | - | 2,444 | 489 | (246) | 20,844 |
| 41,763 | - | 3,930 | 787 | (1,019) | 36,027 |
| 59,748 | - | 8,209 | 1,762 | (1,669) | 48,108 |
| 95,146 | - | 12,707 | 2,073 | (2,208) | 78,158 |
| 112,147 | - | 18,709 | 2,773 | (16,170) | 74,495 |
| 338,320 | - | 19,663 | 4,753 | (145,139) | 168,765 |
| - | 21,263,489 | 12,310,968 | 7,210,894 | (1,133,704) | 607,923 |
| $ 780,960 | $ 21,263,489 | $ 12,383,091 | $ 7,224,674 | $ (1,304,048) | $ 1,132,636 |
| | | $ 2,723 | | | |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF DELINQUENT TAXES RECEIVABLE
## FOR THE TWELVE MONTHS ENDED AUGUST 31, 2024

| Fiscal Year Ending August 31, | 1 Tax Rates Maintenance | 2 Tax Rates Debt Service | 3 Assessed/Appraised Value for School Tax Purposes |
|---|---|---|---|
| 2015 and Prior Years | $ Various | $ Various | $ Various |
| 2016 | 1.0400 | 0.1800 | 1,401,361,494 |
| 2017 | 1.0400 | 0.2045 | 1,263,098,634 |
| 2018 | 1.0400 | 0.2082 | 1,269,694,332 |
| 2019 | 1.0400 | 0.2082 | 1,332,152,782 |
| 2020 | 0.9700 | 0.2082 | 1,406,563,731 |
| 2021 | 0.9664 | 0.1577 | 1,425,435,734 |
| 2022 | 0.9242 | 0.1370 | 1,532,352,507 |
| 2023 | 0.8546 | 0.2066 | 1,791,888,670 |
| 2024 (School year under audit) | 0.6692 | 0.3920 | 2,003,777,811 |
| 1000 Totals | | | |

Amount of taxes refunded under Section 26.115, Tax Code

The District changed its fiscal year end effective for the 2023-24 fiscal year from August 31 to June 30.

| 10<br>Beginning<br>Balance<br>9/1/2023 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/2024 |
|---|---|---|---|---|---|
| $ 77,211 | $ - | $ 6,101 | $ 1,056 | $ (2,957) | $ 67,097 |
| 16,021 | - | 1,567 | 271 | (122) | 14,061 |
| 16,581 | - | 1,420 | 279 | (814) | 14,068 |
| 24,023 | - | 3,084 | 617 | (246) | 20,076 |
| 41,763 | - | 4,341 | 869 | (1,019) | 35,534 |
| 59,748 | - | 7,921 | 1,700 | (2,134) | 47,993 |
| 95,146 | - | 12,656 | 2,065 | (2,652) | 77,773 |
| 112,147 | - | 19,469 | 2,885 | (16,652) | 73,141 |
| 338,320 | - | 39,573 | 9,565 | (150,274) | 138,908 |
| - | 21,263,489 | 12,452,139 | 7,293,582 | (1,155,220) | 362,548 |
| $ 780,960 | $ 21,263,489 | $ 12,548,271 | $ 7,312,889 | $ (1,332,090) | $ 851,199 |
| | | $ 3,077 | | | |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM
## BUDGETARY COMPARISON SCHEDULE
## FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Data Control Codes | | Original | Final | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| | **Revenues** | | | | |
| 5700 | Local and intermediate sources | $ 267,300 | $ 263,761 | $ 269,486 | $ 5,725 |
| 5800 | State program revenues | 45,178 | 37,088 | 38,801 | 1,713 |
| 5900 | Federal program revenues | 1,160,731 | 1,159,854 | 1,148,144 | (11,710) |
| 5020 | Total revenues | 1,473,209 | 1,460,703 | 1,456,431 | (4,272) |
| | **Expenditures** | | | | |
| | Support services - student (pupil): | | | | |
| 0035 | Food services | 1,508,721 | 1,598,185 | 1,554,801 | 43,384 |
| | Total support services - student (pupil) | 1,508,721 | 1,598,185 | 1,554,801 | 43,384 |
| 6030 | Total expenditures | 1,508,721 | 1,598,185 | 1,554,801 | 43,384 |
| 1100 | Excess of revenues over (under) expenditures | (35,512) | (137,482) | (98,370) | 39,112 |
| 1200 | **Net change in fund balance** | (35,512) | (137,482) | (98,370) | 39,112 |
| 0100 | **Fund balances - beginning** | 996,850 | 996,850 | 996,850 | - |
| 3000 | **Fund balances - ending** | $ 961,338 | $ 859,368 | $ 898,480 | $ 39,112 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**DEBT SERVICE FUND**
**BUDGETARY COMPARISON SCHEDULE**
**FOR THE TEN MONTHS ENDED JUNE 30, 2024**

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|---|---|
| | **Revenues** | | | | |
| 5700 | Local and intermediate sources | $ 8,038,557 | $ 7,413,908 | 7,547,576 | $ 133,668 |
| 5800 | State program revenues | - | 163,181 | 235,391 | 72,210 |
| 5020 | Total revenues | 8,038,557 | 7,577,089 | 7,782,967 | 205,878 |
| | **Expenditures** | | | | |
| | Debt service: | | | | |
| 0071 | Principal on long-term debt | 7,655,557 | - | - | - |
| 0072 | Interest on long-term debt | 382,500 | 158,750 | 158,750 | - |
| 0073 | Bond issuance costs and fees | 500 | 250 | 250 | - |
| | Total debt service | 8,038,557 | 159,000 | 159,000 | - |
| 6030 | Total expenditures | 8,038,557 | 159,000 | 159,000 | - |
| 1100 | Excess of revenues over expenditures | - | 7,418,089 | 7,623,967 | 205,878 |
| 1200 | **Net change in fund balance** | - | 7,418,089 | 7,623,967 | 205,878 |
| 0100 | **Fund balance - beginning** | 1,993,809 | 1,993,809 | 1,993,809 | - |
| 3000 | **Fund balance - ending** | $ 1,993,809 | $ 9,411,898 | $ 9,617,776 | $ 205,878 |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF REQUIRED RESPONSES RELATIVE TO COMPENSATORY AND BILINGUAL EDUCATION PROGRAMS FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Data Codes | | Column 1 Responses |
|---|---|---|
| | **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? | No |
| AP3 | List the state allotment funds received for state compensatory education programs during the District's fiscal year. | $ 1,951,256 |
| 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) | $ 1,136,168 |
| | **Section B: Bilingual Education Programs** | |
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the District's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | No |
| AP7 | List the state allotment funds received for bilingual education programs during the District's fiscal year. | $ 347,819 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35) | $ 191,034 |

EDGIN, PARKMAN, FLEMING & FLEMING, PC
CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

## 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
Bridgeport Independent School District
2107 15th Street
Bridgeport, Texas 76426

Members of the Board of Trustees:

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 Bridgeport Independent School District (District) as of and for the ten months ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 2, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

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

**District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

October 2, 2024

EDGIN, PARKMAN, FLEMING & FLEMING, PC
CERTIFIED PUBLIC ACCOUNTANTS

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A. PAUL FLEMING, CPA

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Bridgeport Independent School District
2107 15th Street
Bridgeport, Texas 76426

Members of the Board of Trustees:

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

**Opinion on Each Major Federal Program**

We have audited Bridgeport Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the ten months ended June 30, 2024. 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 types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the ten months ended June 30, 2024.

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

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

We are required to be independent of 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 the major federal programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

October 2, 2024

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE TEN MONTHS ENDED JUNE 30, 2024

A. Summary of Auditor's Results

1. Financial Statements

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | X Yes | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | Yes | X None reported |
| Noncompliance material to the financial statements noted? | Yes | X No |

2. Federal and State Awards

| | | |
|---|---|---|
| Internal control over major programs: | | |
| One or more material weaknesses identified? | Yes | X No |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | Yes | X None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported under CFR Section 200.516(a) | Yes | X No |
| Identification of major programs: | | |
| Special Education Cluster: | | |
| IDEA-B Formula | 84.027A | |
| IDEA-B Preschool | 84.173A | |
| Dollar threshold used to distinguish between Type A and Type B federal programs: | $750,000 | |
| Auditee qualified as low-risk auditee? | Yes | X No |

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.)
## FOR THE TEN MONTHS ENDED JUNE, 30, 2024

B. Financial Statement Findings

Finding 2024-001 – Material Weakness in Internal Control over Financial Reporting

Criteria

The District's internal control over financial reporting should ensure accurate reporting in the District's financial statements.

Condition

Two material adjustments were identified during the current year's audit. An adjustment of $447,857 to reverse the prior year instructional day accrual was identified in the General Fund and an adjustment of $299,915 to correct the revenue balance was identified in the SSA Special Education Fund.

Cause

During the year-end closing process, the District failed to reverse the prior year instructional day accrual amount in the General Fund and debited the adjustment to eliminate the net income in the SSA Special Education Fund to cash instead of to revenue.

Effect

The District's unadjusted account balances were materially misstated.

Recommendation

We recommend that the District ensure that all necessary adjustments are recorded during the year-end closing process.

View of Responsible Officials and Planned Corrective Actions

Please refer to the Corrective Action Plan prepared by the District's management.

C. Federal Award Findings and Questioned Costs

None

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**Corrective Action Plan**
**Ten Months Ended June 30, 2024**

Finding 2024-001 – Material Weakness in Internal Control over Financial Reporting

The District agrees with the finding and will work diligently to ensure that all necessary adjustments are recorded during the year-end closing process in the future.

Person Responsible for Implementing the Corrective Action Plan:

Dr. Amy Ellis, Superintendent.

2107 Fifteenth Street • Bridgeport, Texas 76426 • (940) 683-5124 • Fax (940) 683-4268

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

**Summary Schedule of Prior Audit Findings**
**Ten Months Ended June 30, 2024**

Finding 2023-001 – Material Weakness in Internal Control over Financial Reporting

The District did not complete the monthly bank reconciliations on a timely basis throughout the year. Two bank accounts did not have completed reconciliations until early November 2023, and three were completed in late September 2023. The District completed the monthly bank reconciliations on a timely basis during the ten months ended June 30, 2024.

Finding 2023-002 – Material Weakness in Internal Control over Financial Reporting

The District's accounting process allows for an individual to handle the entire process without review or oversight relative to the bank reconciliation process and preparation of journal entries. The District implemented a process of review of bank reconciliations and journal entries during the ten months ended June 30, 2024.

Finding 2023-003 – Material Weakness in Internal Control over Financial Reporting

The District does not have any written procedures for the business office, activity funds, or federal funds. The District implemented written procedures for the business office, activity funds and federal funds during the ten months ended June 30, 2024.

Finding 2023-004 – Material Noncompliance over Food Service Fund Excess Fund Balance

The fund balance of the District's Food Service Fund had a balance of $996,850 at August 31, 2023 and the Food Service Fund expenditures for the year ended August 31, 2023 were $1,515,417. Since the District provides meals for 10 months of the year, the average monthly expenditures were $151,542 or $454,626 for three months. Consequently, the excess fund balance at August 31, 2023 was $542,224.

The District's Food Service Fund had a balance of $898,480 at June 30, 2024 and the Food Service Fund expenditures for the 10 months ended June 30, 2024 were $1,554,801. Since the District provides meals for 10 months of the year, the average monthly expenditures were $155,480 or $466,440 for three months. Consequently, the excess fund balance at June 30, 2024 was $432,040. However, the District had outstanding purchase orders totaling $522,815 at June 30, 2024 which will eliminate the excess fund balance during 2024-25.

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Expenditures and Indirect Costs | Amount Relating to Pass-Through to Subrecipients |
|---|---|---|---|---|
| U.S. Department of Agriculture | | | | |
| Child Nutrition Cluster: | | | | |
| Passed Through Texas Department of Agriculture: | | | | |
| National School Lunch Program (Non-cash) | 10.555 | 71302401 | $ 106,598 | $ - |
| Commodity Delivery Fee Reimbursement | 10.555 | 71302401 | 2,842 | - |
| COVID-19 - Supply Chain Assistance Grant | 10.555 | 236TX400N8903 | 95,008 | - |
| Total Passed Through Texas Department of Agriculture | | | 204,448 | - |
| Passed Through State Department of Education: | | | | |
| School Breakfast Program | 10.553 | 71402401 | 271,112 | - |
| National School Lunch Program | 10.555 | 71302401 | 753,543 | - |
| Summer Food Service Program for Children - Breakfast | 10.559 | 71402401 | 1,927 | - |
| Summer Food Service Program for Children - Lunch | 10.559 | 71302401 | 8,692 | - |
| Total Passed Through State Department of Education | | | 1,035,274 | - |
| Total Child Nutrition Cluster | | | 1,239,722 | - |
| Total U.S. Department of Agriculture | | | 1,239,722 | - |
| U.S.Department of Education | | | | |
| Passed Through State Department of Education: | | | | |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 24610101249903 | 309,906 | - |
| IDEA-B Formula # | 84.027A | 246600012499036600 | 1,074,586 | - |
| IDEA-B Preschool # | 84.173A | 246610012499036610 | 26,366 | - |
| Vocation Education: Basic Grants to States | 84.048A | 24420006249903 | 25,740 | - |
| Title III, Part A - English Language Acquisition | 84.365A | 24671001249903 | 9,281 | - |
| ESEA Title II Part A - Teacher & Principal Training & Recruiting | 84.367A | 24694501249903 | 45,781 | - |
| LEP Summer School | 84.369A | 6952302 | 1,469 | - |
| ESEA Title IV, Part A, Subpart 1 - Student Support and Academic Enrichment Program | 84.424A | 24680101249903 | 43,002 | - |
| Total Passed Through State Department of Education | | | 1,536,131 | - |
| Passed Through Region 10 Education Service Center: | | | | |
| IDEA-B Formula - SPED Capacity Contracted Services # | 84.027A | 236600497110001 | 133,525 | - |
| Total U.S. Department of Education | | | 1,669,656 | - |
| Total Expenditures of Federal Awards | | | $ 2,909,378 | $ - |

# - Total Special Education Cluster Expenditures - $1,234,477

The accompanying notes are an integral part of this schedule.

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
*FOR THE TEN MONTHS ENDED JUNE 30, 2024*

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Bridgeport Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

B. Reconciliation of Federal Expenditures per the SEFA to the Basic Financial Statements

| | |
|---|---|
| Amount of federal revenues per Exhibit C-2 | $2,946,382 |
| Less Medicaid reimbursements not considered to be federal awards for inclusion on the Schedule of Expenditures of Federal Awards | ( 37,004) |
| Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards | $2,909,378 |

C. De Minimis Indirect Cost Rate

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost rate of ten percent of modified total direct costs. The District did not elect to charge the de minimis rate to any of its federal awards during the ten months ended June 30, 2024.

# BRIDGEPORT INDEPENDENT SCHOOL DISTRICT
## SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS (UNAUDITED)
## FOR THE TEN MONTHS ENDED JUNE 30, 2024

| Data Control Codes | | Responses |
|---|---|---|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole? | Yes |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end? | No |
| SF3 | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? | Yes |
| SF4 | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold. | No |
| SF5 | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? | Yes |
| SF6 | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds? | No |
| SF7 | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end? | Yes |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end | $ - |