

BULLARD INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

Bullard Independent School District
Annual Financial Report
For The Year Ended August 31, 2022

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Introductory Section

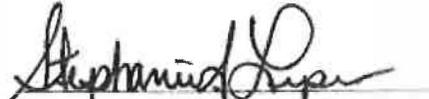
CERTIFICATE OF BOARD

Bullard Independent School District
Name of School District

Smith
County

212-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 12 day of December, 2022.


Signature of Board Secretary


Signature of Board President

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

Financial Section

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report

To the Board of Trustees
Bullard Independent School District
1426B S Houston St
Bullard, Texas 75757

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bullard Independent School District ("the District"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Bullard Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bullard Independent School District as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bullard Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Required Supplementary Information, as listed 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 Bullard Independent School District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, unless identified as unaudited in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the Schedule of Required Responses to Selected School FIRST Indicators, but does not include the financial statements and our auditors' report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 on our consideration of Bullard Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bullard Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 10, 2022



Bullard Independent School District

Excellence Through Education

1426B South Houston
Bullard, TX 75757

Phone (903) 894-6639
Fax (903) 894-9291

Dr. Jack Lee, Superintendent

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Bullard Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

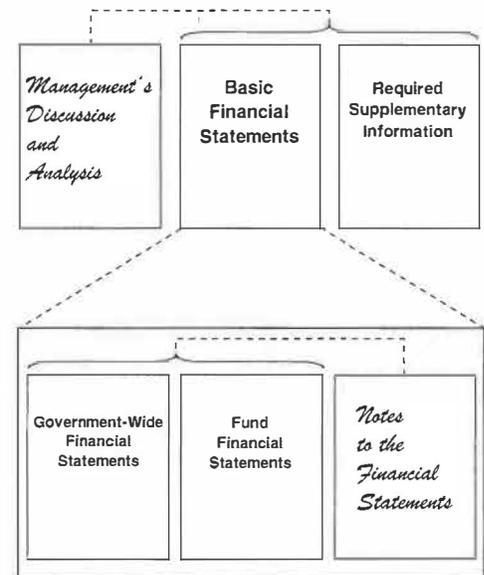
- The District's total combined net position on financial statement exhibit A-1 was \$13,002,133 on August 31, 2022.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$2,426,252 less than the \$36,950,763 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs on financial statement exhibit C-2 increased \$4,020,405 from last year. Increases in instruction and student transportation costs from the prior year accounted for a substantial portion of this increase.
- The general fund reported a fund balance this year on financial statement exhibit C-1 of \$10,293,708. The District began the current year with a fund balance in the amount of \$9,441,832.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information*

Summary Detail

that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred resource outflows, liabilities, and deferred resource inflows—is one way to measure the District's financial health or *position*.

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

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$13.00 million on August 31, 2022. (See Table A-1).

Table A-1
Bullard Independent School District's Net position
(In million dollars)

	Governmental Activities		Total Percentage Change
	<u>2022</u>	<u>2021</u>	<u>2022-2021</u>
Current assets:			
Cash and cash equivalents	\$ 13.4	\$ 11.8	14
Investments	84.7	1.0	8370
Due from other governments	1.5	.9	67
Due from other funds	.0	.0	**
Other receivables	1.4	1.4	0
Prepaid expenses	.0	.1	**
Debt Issuance Costs-Net	.0	.0	**
Total current assets:	<u>101.0</u>	<u>15.2</u>	564
Noncurrent assets:			
Land, furniture and equipment	112.0	110.4	1
Less accumulated depreciation	<u>(38.4)</u>	<u>(35.5)</u>	-8
Total noncurrent assets	<u>73.6</u>	<u>74.9</u>	-2
Total Assets	<u>174.6</u>	<u>90.1</u>	94
Deferred Outflows of Resources	6.5	6.1	7
Current liabilities:			
Accounts payable and accrued liabilities	2.5	1.4	79
Claims payable	.0	.0	**
Due to other funds	.0	.0	**
Due to other governments	.0	.5	**
Unavailable revenue	.2	.1	100
Payable from restricted assets	.1	.1	0
Total current liabilities	<u>2.8</u>	<u>2.1</u>	33
Long-term liabilities:			
Noncurrent liabilities due in one year	2.3	2.7	-15
Noncurrent liabilities due more than 1 yr	143.3	61.3	134
Net Pension Liability	2.8	5.4	-48
Net OPEB Liability	7.5	7.0	7
Total Liabilities	<u>158.7</u>	<u>78.5</u>	102
Deferred Inflows of Resources	9.4	7.2	31
Net Position:			
Net investment in capital assets	12.0	11.8	2
Restricted	3.6	2.9	24
Unrestricted	<u>(2.6)</u>	<u>(4.2)</u>	38
Total Net Position	<u>\$13.0</u>	<u>\$ 10.5</u>	24

The District has \$3,576,233 in restricted net position that represents \$577,661 proceeds from federal and state programs, \$2,988,793 proceeds from debt service, and \$9,779 nonspendable for prepaid items. These proceeds when spent are restricted for the above purposes. The \$(2,553,093) of unrestricted net position represents a deficit of resources to be available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$36,950,763. A significant portion, 51 percent, of the District's revenue comes from taxes. (See Figure A-3.) 28 percent comes from state aid – formula grants, while only 3 percent relates to charges for services.

The total cost of all programs and services was \$34,524,511; 78 percent of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

- Property tax rates decreased. However, due to increased values, tax revenues increased by \$1,208,176 or 7%.

Table A-2
Changes in Bullard Independent School District's Net Position
(In million dollars)

	Governmental Activities		Total % Change
	<u>2022</u>	<u>2021</u>	
Program Revenues:			
Charges for Services	\$ 1.2	\$ 1.2	0
Operating Grants and Contributions	6.2	3.9	59
Capital Grants and Contributions	.0	.0	**
General Revenues			
Property Taxes	18.8	17.6	7
State Aid – Formula	10.3	12.3	-16
Investment Earnings	.2	.0	**
Gain (Loss) on Sale/Disposal of Assets	.0	.5	**
Other	.2	.4	-50
Total Revenues	<u>36.9</u>	<u>35.9</u>	3
Instruction	16.6	16.6	0
Instructional Resources and Media Services	.2	.2	0
Curriculum Dev. And Instructional Staff Dev.	.8	.8	0
Instructional Leadership	.4	.5	-20
School Leadership	1.7	1.7	0
Guidance, Counseling and Evaluation Services	1.5	1.6	-6
Social Work Services	.0	.0	**
Health Services	.4	.3	33
Student (Pupil) Transportation	1.1	1.1	0
Food Services	1.0	.9	11
Curricular/Extracurricular Activities	2.3	1.9	21
General Administration	1.2	1.2	0
Plant Maintenance & Oper.	3.2	3.6	-11
Security & Monitoring Svcs.	.3	.3	0
Data Processing Services	.7	.8	-13
Community Services	.0	.0	**
Debt Services	2.8	2.3	22
Facilities Acquisition and Construction	.0	.0	**
Contracted Instr. Services Between Public Schools	.0	.0	**
Increment Costs Associated Chapter 41 (WADA)	.0	.0	**
Payments to Fiscal Agent/Member Dist. - SSA	.0	.0	**
Public Education Grant Program	.0	.0	**
Payments to Juvenile Justice Alternative Ed. Program	.0	.0	**
Payments to Charter Schools	.0	.0	**
Other	.3	.3	0
Total Expenses	<u>34.5</u>	<u>34.1</u>	1
Excess (Deficiency) Before Other Resources, Uses & Transfers	2.4	1.8	33
Other Resources (Uses)	.0	.0	**
Transfers In (Out)	.0	.0	**
Prior Period Adjustment	.0	.0	**
Increase (Decrease) in Net Position	<u>\$2.4</u>	<u>\$1.8</u>	33

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$34.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$18.8 million.
- Some of the cost was paid by those who directly benefited from the programs \$1.195 million, or
- By grants and contributions \$6.247 million.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2022	2021		2022	2021	
Instruction	16.6	16.6	0	14.0	14.6	-4
School administration	1.2	1.2	0	1.1	1.1	0
Plant Maintenance & Operations	3.2	3.6	-11	3.0	3.5	-14
Debt Service – Interest & Fiscal Charges	2.8	2.3	22	2.7	2.2	23

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$38.7 million, while the previous year it was \$35.2 million. The increase in local revenues is due to increased tax valuations. The decrease in state revenues is a result of student population changes and changes in state funding formulas. The change in federal revenues is due to grant funding formulas distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 13 times. Actual expenditures were \$522,139 below final budget amounts in the General Fund.

On the other hand, resources available were \$508,072 above the final budgeted amount with state revenue being over budget by \$722,674.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital and Right of Use Assets

At the end of 2022, the District had invested \$112,015,210 in a broad range of capital assets, including land, equipment, buildings, and right-to-use assets. (See Table A-4.) This amount represents an increase (including additions and deductions) of \$1,659,480 or 1.5% over last year.

Table A-4
District's Capital Assets
(In millions of dollars)

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
Land	2.365	2.365	0
Construction in progress	.000	.000	**
Buildings and improvements	102.370	102.173	0
Equipment	7.075	5.818	22
Right-to-use assets	.205	.000	**
Totals at historical cost	112.015	110.356	2
Total accumulated	(38.380)	(35.485)	-8
Net capital assets	73.635	74.871	-2

The District's fiscal year 2024 capital budget anticipates spending a substantial amount of \$103,000,000 in approved bonds, for construction and renovation of various ISD instructional and athletic facilities. More detailed information about the District's capital and right of use assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$155.857 million in bonds, notes, right-of-use lease liabilities, pension and OPEB liabilities outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
District's Long-Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
Bonds payable	138.245	60.351	129
Notes payable	1.043	.000	**
Right-of-use lease liability	.140	.000	**
Pension liability	2.762	5.374	-49
OPEB liability	7.527	6.961	8
Accreted interest	.344	.381	-10
Premium on bonds	5.796	3.329	74
Total debt payable	<u>155.857</u>	<u>76.396</u>	104

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2023 budget preparation is \$1,596,091,262, an increase of 11% from 2022.
- General operating fund spending per student decreased in the 2023 budget from \$11,089 to \$10,693. This is a 3.6% decrease.
- The District's 2023 refined average daily attendance is expected to be 2,575, an increase of 3 percent from last year.

These indicators were considered when adopting the general fund budget for 2023. Amounts available for appropriation in the general fund budget are \$27,533,900, an increase of 4 percent from the final 2022 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2023.

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 Bullard Independent School District's Business Services Department at P.O. Box 250, Bullard, Texas 75757 or phone number 903-894-6639.

Basic Financial Statements

BULLARD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 13,392,336
1120	Current Investments	84,716,939
1225	Property Taxes Receivable (Net)	1,340,816
1240	Due from Other Governments	1,442,391
1290	Other Receivables (Net)	63,831
1410	Unrealized Expenses	9,779
Capital Assets:		
1510	Land	2,365,393
1520	Buildings and Improvements, Net	68,295,649
1530	Furniture and Equipment, Net	2,839,766
1550	Right to Use Assets, Net	134,789
1000	Total Assets	<u>174,601,689</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Bond Refunding	1,043,083
	Deferred Outflow Related to Pensions	2,202,929
	Deferred Outflow Related to OPEB	3,229,486
1700	Total Deferred Outflows of Resources	<u>6,475,498</u>
LIABILITIES:		
2110	Accounts Payable	861,293
2140	Interest Payable	254,680
2165	Accrued Liabilities	1,387,041
2180	Due to Other Governments	2,299
2300	Unearned Revenue	207,142
2400	Payable from Restricted Assets	139,826
Noncurrent Liabilities:		
2501	Due Within One Year	2,273,850
2502	Due in More Than One Year	143,294,186
2540	Net Pension Liability	2,762,054
2545	Net OPEB Liability	7,527,389
2000	Total Liabilities	<u>158,709,760</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	3,610,572
	Deferred Inflow Related to OPEB	5,754,722
2600	Total Deferred Inflows of Resources	<u>9,365,294</u>
NET POSITION:		
3200	Net Investment in Capital Assets	11,978,993
Restricted For:		
3820	Federal and State Programs	577,661
3850	Debt Service	2,988,793
	Other Purposes	
3890	Nonexpendable	9,779
3900	Unrestricted	(2,553,093)
3000	Total Net Position	<u>\$ 13,002,133</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 16,643,262	\$ 319,533		\$ 2,327,689	\$ (13,996,040)
12	Instructional Resources and Media Services	243,510	--		20,024	(223,486)
13	Curriculum and Staff Development	765,112	--		173,601	(591,511)
21	Instructional Leadership	379,375	--		30,717	(348,658)
23	School Leadership	1,738,909	--		1,209,374	(529,535)
31	Guidance, Counseling, and Evaluation Services	1,508,708	--		501,129	(1,007,579)
33	Health Services	381,392	--		36,343	(345,049)
34	Student Transportation	1,108,412	--		87,851	(1,020,561)
35	Food Service	1,026,917	136,030		1,365,187	474,300
36	Cocurricular/Extracurricular Activities	2,251,351	731,323		73,708	(1,446,320)
41	General Administration	1,195,913	--		68,552	(1,127,361)
51	Facilities Maintenance and Operations	3,158,103	8,430		168,034	(2,981,639)
52	Security and Monitoring Services	319,463	--		22,978	(296,485)
53	Data Processing Services	658,164	--		52,035	(606,129)
61	Community Services	498	--		--	(498)
72	Interest on Long-term Debt	2,286,811	--		110,084	(2,176,727)
73	Debt Issuance Costs and Fees	552,093	--		--	(552,093)
95	Payments to Juvenile Justice Alternative Ed. Programs	1,435	--		33	(1,402)
99	Other Intergovernmental Charges	305,083	--		--	(305,083)
TG	Total Governmental Activities	<u>34,524,511</u>	<u>1,195,316</u>		<u>6,247,339</u>	<u>(27,081,856)</u>
TP	Total Primary Government	<u>\$ 34,524,511</u>	<u>\$ 1,195,316</u>		<u>\$ 6,247,339</u>	<u>(27,081,856)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					13,205,115
DT	Property Taxes, Levied for Debt Service					5,601,583
IE	Investment Earnings					216,513
GC	Grants and Contributions Not Restricted to Specific Programs					10,287,064
MI	Miscellaneous					197,833
TR	Total General Revenues					<u>29,508,108</u>
CN	Change in Net Position					2,426,252
NB	Net Position - Beginning					10,575,881
NE	Net Position - Ending					<u>\$ 13,002,133</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 9,945,237	\$ 2,463,755
1120 Current Investments	1,413,603	180,307
1225 Taxes Receivable, Net	999,150	341,666
1240 Due from Other Governments	1,066,576	--
1260 Due from Other Funds	332,080	--
1290 Other Receivables	29,229	3,065
1410 Prepaid Expenditures	9,779	--
1000 Total Assets	<u>\$ 13,795,654</u>	<u>\$ 2,988,793</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 806,685	\$ --
2150 Payroll Deductions and Withholdings	2,191	--
2160 Accrued Wages Payable	1,323,599	--
2170 Due to Other Funds	45,688	--
2180 Due to Other Governments	--	--
2300 Unearned Revenue	184,807	--
2400 Payable from Restricted Assets	139,826	--
2000 Total Liabilities	<u>2,502,796</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue - Property Taxes	999,150	341,666
2600 Total Deferred Inflows of Resources	<u>999,150</u>	<u>341,666</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3430 Prepaid Items	9,779	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3470 Capital Acquisitions and Contractual Obligations	--	--
3480 Retirement of Long-Term Debt	--	2,647,127
Committed Fund Balances:		
3545 Other Committed Fund Balance-Capital Improvements	2,000,000	--
3545 Other Committed Fund Balance-Campus Activities	--	--
Assigned Fund Balances:		
3560 Claims and Judgments	137,183	--
3570 Capital Expenditures for Equipment	200,000	--
3590 Other Assigned Fund Balance-Preventive Maintenance	500,000	--
3600 Unassigned	7,446,746	--
3000 Total Fund Balances	<u>10,293,708</u>	<u>2,647,127</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 13,795,654</u>	<u>\$ 2,988,793</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 980,913	\$ 13,389,905
83,123,029	--	84,716,939
--	--	1,340,816
--	375,815	1,442,391
--	--	332,080
--	23,773	56,067
--	--	9,779
<u>\$ 83,123,029</u>	<u>\$ 1,380,501</u>	<u>\$ 101,287,977</u>
\$ --	\$ 54,608	\$ 861,293
--	--	2,191
--	61,251	1,384,850
--	286,292	331,980
--	2,299	2,299
--	22,335	207,142
--	--	139,826
<u>--</u>	<u>426,785</u>	<u>2,929,581</u>
<u>--</u>	<u>--</u>	<u>1,340,816</u>
<u>--</u>	<u>--</u>	<u>1,340,816</u>
--	--	9,779
--	577,661	577,661
83,123,029	--	83,123,029
--	--	2,647,127
--	--	2,000,000
--	376,055	376,055
--	--	137,183
--	--	200,000
--	--	500,000
--	--	7,446,746
<u>83,123,029</u>	<u>953,716</u>	<u>97,017,580</u>
<u>\$ 83,123,029</u>	<u>\$ 1,380,501</u>	<u>\$ 101,287,977</u>

BULLARD INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2022

Total fund balances - governmental funds balance sheet	\$ 97,017,580
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	73,635,597
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,340,816
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	10,095
Payables for bond principal which are not due in the current period are not reported in the funds.	(138,245,000)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(140,239)
Payables for debt interest which are not due in the current period are not reported in the funds.	(254,680)
Payables for notes which are not due in the current period are not reported in the funds.	(1,042,900)
Deferred Resource Outflows related to bond refunding are not reported in the funds.	1,043,083
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,762,054)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(3,610,572)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,202,929
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(344,137)
Bond premiums are amortized in the SNP but not in the funds.	(5,795,760)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(7,527,389)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(5,754,722)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>3,229,486</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 13,002,133</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 13,912,923	\$ 5,621,633
5800 State Program Revenues	13,529,566	110,084
5900 Federal Program Revenues	332,498	--
5020 Total Revenues	<u>27,774,987</u>	<u>5,731,717</u>
EXPENDITURES:		
Current:		
0011 Instruction	15,224,706	--
0012 Instructional Resources and Media Services	238,605	--
0013 Curriculum and Staff Development	599,598	--
0021 Instructional Leadership	373,051	--
0023 School Leadership	537,791	--
0031 Guidance, Counseling, and Evaluation Services	1,079,701	--
0033 Health Services	380,458	--
0034 Student Transportation	2,116,530	--
0035 Food Service	3,603	--
0036 Cocurricular/Extracurricular Activities	1,587,948	--
0041 General Administration	1,167,605	--
0051 Facilities Maintenance and Operations	3,027,233	--
0052 Security and Monitoring Services	432,103	--
0053 Data Processing Services	612,726	--
0061 Community Services	456	--
0071 Principal on Long-term Debt	69,103	2,395,532
0072 Interest on Long-term Debt	5,226	2,496,123
0073 Debt Issuance Costs and Fees	5,750	19,000
0081 Capital Outlay	197,300	--
0095 Payments to Juvenile Justice Alternative Education Programs	1,435	--
0099 Other Intergovernmental Charges	305,083	--
6030 Total Expenditures	<u>27,966,011</u>	<u>4,910,655</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(191,024)</u>	<u>821,062</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	--
7914 Issuance of Non-Current Debt	1,042,900	--
7916 Premium or Discount on Issuance of Bonds	--	--
8940 Payment to Bond Refunding Escrow Agent	--	(310,000)
7080 Total Other Financing Sources and (Uses)	<u>1,042,900</u>	<u>(310,000)</u>
1200 Net Change in Fund Balances	851,876	511,062
0100 Fund Balances - Beginning	9,441,832	2,136,065
3000 Fund Balances - Ending	<u>\$ 10,293,708</u>	<u>\$ 2,647,127</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 123,029	\$ 791,325	\$ 20,448,910
--	82,872	13,722,522
--	4,238,463	4,570,961
<u>123,029</u>	<u>5,112,660</u>	<u>38,742,393</u>
--	1,182,473	16,407,179
--	3,088	241,693
--	140,884	740,482
--	4,941	377,992
--	1,160,681	1,698,472
--	414,764	1,494,465
--	4,588	385,046
--	14,926	2,131,456
--	948,550	952,153
--	587,821	2,175,769
--	2,059	1,169,664
--	22,132	3,049,365
--	1,544	433,647
--	21,088	633,814
--	--	456
--	--	2,464,635
--	--	2,501,349
385,254	--	410,004
--	--	197,300
--	--	1,435
--	--	305,083
<u>385,254</u>	<u>4,509,539</u>	<u>37,771,459</u>
<u>(262,225)</u>	<u>603,121</u>	<u>970,934</u>
80,600,000	--	80,600,000
--	--	1,042,900
2,785,254	--	2,785,254
--	--	(310,000)
<u>83,385,254</u>	<u>--</u>	<u>84,118,154</u>
83,123,029	603,121	85,089,088
--	350,595	11,928,492
<u>\$ 83,123,029</u>	<u>\$ 953,716</u>	<u>\$ 97,017,580</u>

BULLARD INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	\$ 85,089,088
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,479,663
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,919,739)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(32,551)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(136,537)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,705,533
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	70,088
Debt issuance costs and similar items are amortized in the SOA but not in the funds.	318,822
The net accretion of interest on capital appreciation bonds is not reported in the funds.	37,075
(Increase) decrease in accrued interest from beginning of period to end of period.	(141,358)
The net revenue (expense) of internal service funds is reported with governmental activities.	9,571
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,042,900)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(80,600,000)
Bond premiums are reported in the funds but not in the SOA.	(2,785,254)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,552)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	206,771
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	<u>173,532</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,426,252</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2022

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	ASSETS:		
	Current Assets:		
1110	Cash and Cash Equivalents	\$ 2,431	
	Receivables:		
1290	Other Receivables (net)	7,764	
	Total Current Assets	<u>10,195</u>	
1000	Total Assets	<u>10,195</u>	
	LIABILITIES:		
	Current Liabilities:		
2170	Due to Other Funds	100	
	Total Current Liabilities	<u>100</u>	
2000	Total Liabilities	<u>100</u>	
	NET POSITION:		
3900	Unrestricted	10,095	
3000	Total Net Position	<u>\$ 10,095</u>	

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 50,049
5020	Total Revenues	<u>50,049</u>
	OPERATING EXPENSES:	
6200	Professional and Contracted Services	40,478
6030	Total Expenses	<u>40,478</u>
1300	Change in Net Position	9,571
0100	Total Net Position - Beginning	524
3300	Total Net Position - Ending	<u>\$ 10,095</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Nonmajor Internal Service Fund
	Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 42,285
Cash Payments to Other Suppliers for Goods and Services	(40,478)
Net Cash Provided (Used) by Operating Activities	<u>1,807</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,807
Cash and Cash Equivalents at Beginning of Year	624
Cash and Cash Equivalents at End of Year	<u>\$ 2,431</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 9,571
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(7,764)
Increase (Decrease) in Interfund Payables	--
Total Adjustments	<u>(7,764)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,807</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2022

Data Control Codes		<u>Custodial Funds</u>
		<u>Student Activity</u>
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 96,384
1000	Total Assets	<u>96,384</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	<u>2,139</u>
2000	Total Liabilities	<u>2,139</u>
	NET POSITION:	
3800	Restricted for Individ., Org., and Other Gov.	<u>94,245</u>
3000	Total Net Position	<u>\$ 94,245</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Funds
	Student Activity
ADDITIONS:	
Student Group Fundraising Activities	\$ 376,665
Total Additions	<u>376,665</u>
DEDUCTIONS:	
Supplies and Materials	190,040
Other Expenses	256,888
Total Deductions	<u>446,928</u>
Change in Fiduciary Net Position	(70,263)
Net Position-Beginning of the Year	164,508
Net Position-End of the Year	<u>\$ 94,245</u>

The accompanying notes are an integral part of this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of Bullard Independent School District (the "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.

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

Debt Service Fund: This fund collects the dedicated taxes from Interest and Sinking Fund property taxes assessed and records the payments on bonded debt.

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Capital Projects Funds: These funds are used to account for significant, ongoing capital projects of the District.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds account for resources restricted or committed for specific purposes. Federal revenues are generally accounted for in special revenues funds, as is some state assistance. Amounts unspent may be returned to the grantor agency at the close of the applicable project periods.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate 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.

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 the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or 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. The government-wide and proprietary fund financial statements 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. Revenues from local sources consist primarily of property taxes. 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.

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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. For the current fiscal year, an allowance of \$8,280 is included in the financial statements.

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. Capital and Right of Use Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition 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 and right of use assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30-45
Building Improvements	10-20
Vehicles	6-10
Equipment	5-15
Right of Use Assets	3-5

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. 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 which are not scheduled for collection within one year of year end.

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred resource outflows, liabilities, deferred resource inflows, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

i. 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.

j. 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).

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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 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.

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. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent 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 convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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.

k. Net Position

Net position in the government-wide financial statements is classified as Net Investment in Capital Assets, Restricted, and unrestricted. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets. Restricted Net Position consists of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources, as they are needed. Unrestricted Net Position consists of amounts that do not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

l. Net Position Flow Assumption

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

m. Fund Balance Flow Assumptions

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

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District Implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 87, Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All existing leases have been re-valued at the beginning of the fiscal year to reflect the change, and future leases will be reported in accordance with the provisions of this statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activity. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. There is no current year impact to the District related to the statement.

GASB Statement No. 91, Conduit Debt Obligations

This statement requires issuers of Conduit Debt Obligations to disclose general information organized by type of commitment, including the aggregate outstanding principal amount of the issuers' debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. There is no current year impact to the District related to this statement.

BULLARD INDEPENDENT SCHOOL DISTRICT
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GASB Statement No. 92, Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics that relate most directly to this district in the current fiscal year include the amendments to certain GASB No. 68 provisions. The provisions of GASB Statement No. 92, excluding the requirements related to Statements No. 87 and Implementation Guide 2019-3 which were effective upon issuance, are effective for fiscal years and reporting periods beginning after June 15, 2021. There is no significant impact related to this Statement to the District in the current year.

GASB Statement No. 93, Replacement of Interbank Offered Rates

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The requirements of this Statement, except for paragraphs 11b, 13 and 14 were implemented in the fiscal year ended June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements of paragraphs 11b, 13, and 14 of this Statement are effective for reporting periods beginning after June 15, 2021. There is no significant current year impact to the District related to this Statement.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District previously adopted paragraphs 4 and 5 of GASB Statement No. 92. The requirements of this Statement related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The provisions of this Statement have no significant impact to the District in the current year.

GASB Statement No. 98, The Annual Comprehensive Financial Report

This statement was issued in October 2021 and establishes the term Annual Comprehensive Financial Report and its acronym, ACFR. This new term and acronym replace instances of Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. The District implemented this Statement in the current fiscal year with no significant impact.

BULLARD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

GASB Statement No. 99, *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification of terms
- Considerations for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarifications of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are not received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resource flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance, and were implemented during the District's current fiscal year, with no significant impact.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

7. Future Implementation of New Standards

The District is currently evaluating the impact related to the implementation of the following GASB Statements, scheduled to become effective in fiscal years 2023, 2024 and 2025:

Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*

Statement No. 101, *Compensated Absences*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

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 August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,488,720 and the bank balance was \$13,872,989. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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 August 31, 2022 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Financial Northern Securities	N/A	\$ 7
Lone Star	N/A	84,716,932
Total Investments		<u>\$ 84,716,939</u>

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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 changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

BULLARD INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2022

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 Public Funds Investment Act (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's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio.

Lone Star

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

D. Capital Assets

Capital and right to use asset activity for the year ended August 31, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated/amortized:				
Land	\$ 2,365,393	\$ --	\$ --	\$ 2,365,393
Total capital assets not being depreciated/amortized	<u>2,365,393</u>	<u>--</u>	<u>--</u>	<u>2,365,393</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	102,172,809	197,300	--	102,370,109
Equipment	5,817,528	1,282,363	24,958	7,074,933
Right-to-Use Asset	--	204,775	--	204,775
Total capital assets being depreciated/amortized	<u>107,990,337</u>	<u>1,684,438</u>	<u>24,958</u>	<u>109,649,817</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(31,514,824)	(2,559,636)	--	(34,074,460)
Equipment	(3,970,008)	(290,117)	(24,958)	(4,235,167)
Right-to-Use Asset	--	(69,986)	--	(69,986)
Total accumulated depreciation/amortization	<u>(35,484,832)</u>	<u>(2,919,739)</u>	<u>(24,958)</u>	<u>(38,379,613)</u>
Total capital assets being deprec./amort., net	<u>72,505,505</u>	<u>(1,235,301)</u>	<u>--</u>	<u>71,270,204</u>
Governmental activities capital assets, net	<u>\$ 74,870,898</u>	<u>\$ (1,235,301)</u>	<u>\$ --</u>	<u>\$ 73,635,597</u>

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Depreciation was charged to functions as follows:

Instruction	\$ 1,665,330
Instructional Resources and Media Services	20,729
Curriculum and Staff Development	65,131
Instructional Leadership	32,295
School Leadership	148,027
Guidance, Counseling, & Evaluation Services	128,431
Health Services	32,467
Student Transportation	94,355
Food Services	87,418
Extracurricular Activities	191,650
General Administration	101,804
Plant Maintenance and Operations	268,838
Security and Monitoring Services	27,195
Data Processing Services	56,027
Community Services	42
	<u>\$ 2,919,739</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2022, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 286,292	Short-term loans
General Fund	Nonmajor Internal Service Fund	100	Short-term loans
General Fund	General Fund	45,688	Short-term loans
	Total	<u>\$ 332,080</u>	

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

2. Transfers To and From Other Funds

There were no transfers to and from other funds during the fiscal year ended August 31, 2022.

BULLARD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 59,800,000	\$ 80,600,000	\$ 2,155,000	\$ 138,245,000	\$ 2,105,000
General obligation bonds-CAB	550,533	--	550,533	--	--
Bond premium	3,329,328	2,785,254	318,822	5,795,760	--
CAB accretion	381,212	45,937	83,012	344,137	--
Right of use lease liability	--	210,327	70,088	140,239	68,902
Notes from Direct Borrowings and Direct Placements	--	117,900	--	117,900	21,948
Maintenance Tax Notes	--	925,000	--	925,000	78,000
Net Pension Liability *	5,373,518	(2,148,620)	462,844	2,762,054	--
Net OPEB Liability *	6,961,218	718,619	152,448	7,527,389	--
Total governmental activities	\$ <u>76,395,809</u>	\$ <u>83,254,417</u>	\$ <u>3,792,747</u>	\$ <u>155,857,479</u>	\$ <u>2,273,850</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General Fund
Net OPEB Liability *	Governmental	General Fund

Bonds

In 2011, Unlimited Tax Refunding Bonds were issued in the amount of \$700,533 and were used to reduce the balance on the 1998 bonds. The Bonds carry an interest rate of 2.00% to 4.00% and mature in 2024 with annual payments of approximately \$9,200 to \$779,200. During the current fiscal year these bonds were called. \$460,818 was used for bond redemption. The remaining \$310,000 was paid to an escrow agent for bond maturity in 2024. The District's balance at August 31, 2022 is \$0, and \$310,000 has been included in the advance refunding of debt note.

In 2014, Unlimited Tax Refunding Bonds were issued in the amount of \$8,835,000 and were used to reduce the balance on the 2007 bonds. The Bonds carry an interest rate of 0.00% to 4.00% and mature in 2030 with annual payments of approximately \$384,238 to \$1,667,700 and the balance at August 31, 2022 is \$8,410,000 with \$350,000 considered CAB bonds.

In 2015, Unlimited Tax Refunding Bonds were issued in the amount of \$7,865,000 and were used to reduce the balance on the 2005 bonds. The Bonds carry an interest rate of 2.00% to 3.50% and mature in 2025 with annual payments of approximately \$250,000 to \$1,000,000. The balance at August 31, 2022 is \$1,515,000.

In 2015, Unlimited Tax Refunding Bonds were issued in the amount of \$45,140,000 and were used to reduce the balance on the 2007 bonds. The Bonds carry an interest rate of 2.00% to 5.00% and mature in 2045 with annual payments of approximately \$250,000 to \$3,190,000. The balance at August 31, 2022 is \$39,400,000.

In 2016, Unlimited Tax Refunding Bonds were issued in the amount of \$8,320,000 and were used to reduce the balance on the 2007 bonds. The Bonds carry an interest rate of 2.00% to 4.50% and mature in 2034 with annual payments of approximately \$131,300 to \$2,400,000. The balance at August 31, 2022 is \$8,320,000.

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In fiscal year 2022, Fixed Rate Unlimited Tax School Building Bonds, Series 2022, were issued in the amount of \$60,610,000 for the purpose of the construction and remodel of various ISD instructional and athletic facilities. The Bonds carry an interest rate of 4% and mature in 2052 with annual payments of approximately \$800,000 to \$4,525,000. The balance at August 31, 2022 is \$60,610,000.

In fiscal year 2022, Adjustable Rate Unlimited Tax School Building Bonds, Series 2022, were issued in the amount of \$19,990,000 for the purpose of the construction and remodel of various ISD instructional and athletic facilities. The Bonds carry an interest rate of 2.75% to 4.00% and mature in 2052 with annual payments of approximately \$2,525,000 to \$3,210,000. The balance at August 31, 2022 is \$19,990,000.

Maintenance Tax Notes

During fiscal year 2022, Maintenance Tax Notes, Series 2022, were issued in the amount of \$925,000 for the purpose of purchasing buses. The notes carry an interest rate of 3% and mature in 2032, with annual payments of approximately \$78,000 to \$106,000. The balance at August 31, 2022 is \$925,000.

Notes from Direct Borrowings and Direct Placements

During fiscal year 2022, the District financed three vehicles in the amount of \$117,900. The note carries an interest rate of 3.5% and matures in 2027, with annual payments of \$26,177. The vehicle serves as collateral. The balance at August 31, 2022 is \$117,900. In the event of default, the remaining balance on the note plus any accrued interest will become immediately due and payable.

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2022, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>				
	<u>Bonds</u>		<u>Tax Maint. Notes & Notes from Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 2,105,000	\$ 5,571,545	\$ 99,948	\$ 35,735	\$ 7,812,228
2024	2,770,000	5,435,375	105,735	29,868	8,340,978
2025	2,405,000	5,926,950	108,551	26,463	8,466,964
2026	2,725,000	5,481,713	112,396	22,966	8,342,075
2027	2,840,000	5,366,113	116,270	19,346	8,341,729
2028-2032	16,195,000	25,620,838	500,000	47,736	42,363,574
2033-2037	19,580,000	22,035,894	--	--	41,615,894
2038-2042	24,250,000	16,457,950	--	--	40,707,950
2043-2047	29,605,000	10,040,375	--	--	39,645,375
2048-2052	35,770,000	3,691,200	--	--	39,461,200
Totals	\$ 138,245,000	\$ 105,627,953	\$ 1,042,900	\$ 182,114	\$ 245,097,967

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2022, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

BULLARD INDEPENDENT SCHOOL DISTRICT
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<u>Bond Issue</u>	<u>Amount</u>
2005	\$ 8,080,000
2007	7,415,000
2007	8,575,000
2011	310,000
Total	<u>\$ 24,380,000</u>

The 2005 Series defeased amounts are scheduled to mature in 2025, both 2007 Series defeased amounts are scheduled to mature in 2034, and the 2011 Series defeased amounts are scheduled to mature in 2024.

G. Leases

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

The District previously entered into a forty-eight month leasing arrangement for copier/printer/scanner equipment which was revalued to a forty-four month leasing arrangement at September 1, 2021 under GASB 87, totaling \$109,598, payable in monthly installments of \$2,633 at an interest rate of 3 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2022 is \$80,891.

The District previously entered into a forty-eight month leasing arrangement for copier/printer/scanner equipment which was revalued to a thirty-two month leasing arrangement at September 1, 2021 under GASB 87, totaling \$70,256, payable in monthly installments of \$2,221 at an interest rate of 3 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2022 is \$45,376.

The District previously entered into a forty-eight month leasing arrangement for copier/printer/scanner equipment which was revalued to a sixteen month leasing arrangement at September 1, 2021 under GASB 87, totaling \$3,409, payable in monthly installments of \$218 at an interest rate of 3 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2022 is \$866.

The District previously entered into a forty-eight month leasing arrangement for copier/printer/scanner equipment which was revalued to a twenty-four month leasing arrangement at September 1, 2021 under GASB 87, totaling \$18,606, payable in monthly installments of \$800 at an interest rate of 3 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2022 is \$9,442.

The District previously entered into a forty-eight month leasing arrangement for copier/printer/scanner equipment which was revalued to a twenty-five month leasing arrangement at September 1, 2021 under GASB 87, totaling \$6,941, payable in monthly installments of \$287 at an interest rate of 3 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2022 is \$3,664.

Future lease payment maturity schedule is as follows:

<u>Year ended</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 68,902	\$ 3,256	\$ 72,158
2024	50,504	1,371	51,875
2025	20,833	235	21,068
	<u>\$ 140,239</u>	<u>\$ 4,862</u>	<u>\$ 145,101</u>

H. 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 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 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 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

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

BULLARD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Contribution Rates</u>	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions	\$	552,587
District's 2022 Member Contributions	\$	1,490,609
2021 NECE On-Behalf Contributions (State)	\$	1,148,339

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

5. Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

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, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

6. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and 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 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

BULLARD INDEPENDENT SCHOOL DISTRICT
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Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag ****			(0.95)%
Expected Return	100.0%		6.90%

* Absolute Return includes Credit Sensitive Investments.
 ** Target allocations are based on the FY2021 policy model.
 *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)
 **** 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 a discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 6,035,526	\$ 2,762,054	\$ 106,274

BULLARD INDEPENDENT SCHOOL DISTRICT
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8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2022, the District reported a liability of \$2,762,054 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,762,054
State's proportionate share that is associated with District	<u>6,852,792</u>
Total	<u>\$ 9,614,846</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0108458489 percent which was an increase (decrease) of 0.0008127597 percent from its proportion measured as of August 31, 2020.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$373,213 and revenue of \$27,397 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 4,622	\$ 194,451
Changes in Actuarial Assumptions	976,332	425,597
Difference Between Projected and Actual Investment Earnings	--	2,315,946
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	669,388	674,578
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	552,587	--
Total	<u>\$ 2,202,929</u>	<u>\$ 3,610,572</u>

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

Year ended August 31,	Pension Expense Amount
2023	\$ (284,211)
2024	\$ (322,996)
2025	\$ (590,639)
2026	\$ (778,313)
2027	\$ 2,680
Thereafter	\$ 13,248

J. 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

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

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

BULLARD INDEPENDENT SCHOOL DISTRICT
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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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2022 Employer Contributions	\$ 163,908
District's 2022 Member Contributions	\$ 121,111
2021 NECE On-Behalf Contributions (state)	\$ 204,246

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 TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

BULLARD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an an ultimate trend rate of 4.25 percent over a period of 12 years.

6. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. This was a decrease of 0.38 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

BULLARD INDEPENDENT SCHOOL DISTRICT
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7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 9,079,766	\$ 7,527,389	\$ 6,305,618

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

At August 31, 2022, the District reported a liability of \$7,527,389 for its proportionate share of the TRS' Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 7,527,389
State's proportionate share that is associated with the District	<u>10,085,024</u>
Total	<u>\$ 17,612,413</u>

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

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0195139156 percent, which was an increase (decrease) of 0.0012019149 percent from its proportion measured as of August 31, 2020.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 6,096,936	\$ 7,527,389	\$ 9,446,702

9. 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 (TOL) since the prior measurement period:

- The discount rate was changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

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 \$(381,838).

BULLARD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

At August 31, 2022, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 324,090	\$ 3,643,783
Changes in actuarial assumptions	833,747	1,591,904
Difference between projected and actual investment earnings	8,172	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,899,569	519,035
Contributions paid to TRS subsequent to the measurement date	163,908	--
Total	\$ 3,229,486	\$ 5,754,722

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

Year ended August 31:	OPEB Expense Amount
2023	\$ (551,389)
2024	\$ (551,573)
2025	\$ (551,524)
2026	\$ (353,384)
2027	\$ (85,133)
Thereafter	\$ (596,140)

For the year ended August 31, 2022, the District recognized OPEB expense of \$(381,838) and revenue of \$(372,214) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$78,502, \$79,144 and \$73,702.

K. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2022, and terms of coverage and premium costs are included in the contractual provisions.

BULLARD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2021, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

L. 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 collectibility 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 at August 31, 2022.

3. Commitments

During fiscal year 2022, the District's voters approved \$103,000,000 in bonds for the construction and renovation of various school instructional and athletic facilities. Of this amount, \$83,000,000 in bonds have been issued. The District anticipates substantially completing the project in fiscal year 2024.

M. Subsequent Events

In September 2022, the District executed a contract for the purchase of 48.831 acres of land, with improvements. The total purchase price for the property was \$1,220,775.

N. Accumulated Vacation and Personal Leave Benefits

At August 31, 2022, the District had no liability for accrued sick leave or vacation leave. District employees accumulate personal leave at the rate of 5 days per year with no accumulation limit. The District has non vested sick and personal leave benefits at August 31, 2022 which are not recorded on the financial statements in the amount of \$1,518,707. These benefits are recorded as expenditures as used.

O. Self-Funded Workman's Compensation Insurance

During the year ended August 31, 2022, the District was a member of a worker's compensation self-insurance joint fund plan (the Plan). All premiums were paid to a third party administrator acting on behalf of the Plan. The Plan was authorized pursuant to Texas Revised Civil Statutes Annotated Art. 8309h and Texas Government Code Ch. 791 (the Interlocal Cooperation Act), which was documented by contractual agreement. The proportionate contributions of all members were combined into the Plan. Each member agreed to make its proportionate contribution available to all other members for the payment of worker's compensation benefits and the administration of the Plan. A member's proportionate contributions may be used for the payment of benefits and the administration of claims of that member's employees or another member's employees. Excess worker's compensation insurance is carried by Safety National Casualty Corporation. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. This liability of \$139,826 is reflected in the General Fund.

Statement of Change in Liability	<u>2022</u>	<u>2021</u>
Unpaid claims at September 1	\$ 137,183	\$ 117,654
Claims and adjustments during the year	43,119	104,875
Payments of claims during the year	(40,476)	(85,346)
Total unpaid claims at August 31	<u>\$ 139,826</u>	<u>\$ 137,183</u>

Required Supplementary Information

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

BULLARD INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
 Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 13,724,608	\$ 14,110,023	\$ 13,912,923	\$ (197,100)
5800	State Program Revenues	12,506,892	12,806,892	13,529,566	722,674
5900	Federal Program Revenues	200,000	350,000	332,498	(17,502)
5020	Total Revenues	<u>26,431,500</u>	<u>27,266,915</u>	<u>27,774,987</u>	<u>508,072</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	14,942,749	15,273,379	15,224,706	48,673
0012	Instructional Resources and Media Services	268,107	246,307	238,605	7,702
0013	Curriculum and Staff Development	596,770	610,070	599,598	10,472
	Total Instruction and Instr. Related Services	<u>15,807,626</u>	<u>16,129,756</u>	<u>16,062,909</u>	<u>66,847</u>
Instructional and School Leadership:					
0021	Instructional Leadership	405,722	380,722	373,051	7,671
0023	School Leadership	1,183,277	562,027	537,791	24,236
	Total Instructional and School Leadership	<u>1,588,999</u>	<u>942,749</u>	<u>910,842</u>	<u>31,907</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,086,353	1,085,353	1,079,701	5,652
0032	Social Work Services	150	150	--	150
0033	Health Services	311,221	386,221	380,458	5,763
0034	Student (Pupil) Transportation	1,105,977	2,179,377	2,116,530	62,847
0035	Food Services	4,000	4,000	3,603	397
0036	Cocurricular/Extracurricular Activities	1,301,783	1,599,433	1,587,948	11,485
	Total Support Services - Student (Pupil)	<u>3,809,484</u>	<u>5,254,534</u>	<u>5,168,240</u>	<u>86,294</u>
Administrative Support Services:					
0041	General Administration	1,078,911	1,172,111	1,167,605	4,506
	Total Administrative Support Services	<u>1,078,911</u>	<u>1,172,111</u>	<u>1,167,605</u>	<u>4,506</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,062,576	3,346,276	3,027,233	319,043
0052	Security and Monitoring Services	268,804	437,304	432,103	5,201
0053	Data Processing Services	551,370	619,370	612,726	6,644
	Total Support Services - Nonstudent Based	<u>3,882,750</u>	<u>4,402,950</u>	<u>4,072,062</u>	<u>330,888</u>
Ancillary Services:					
0061	Community Services	--	750	456	294
	Total Ancillary Services	<u>--</u>	<u>750</u>	<u>456</u>	<u>294</u>
Debt Service:					
0071	Principal on Long-Term Debt	--	70,000	69,103	897
0072	Interest on Long-Term Debt	--	6,000	5,226	774
0073	Debt Issuance Costs and Fees	--	--	5,750	(5,750)
	Total Debt Service	<u>--</u>	<u>76,000</u>	<u>80,079</u>	<u>(4,079)</u>
Capital Outlay:					
0081	Capital Outlay	--	197,300	197,300	--
	Total Capital Outlay	<u>--</u>	<u>197,300</u>	<u>197,300</u>	<u>--</u>
Intergovernmental Charges:					

BULLARD INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
 Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	2,000	2,000	1,435	565
0099	Other Intergovernmental Charges	340,000	310,000	305,083	4,917
	Total Intergovernmental Charges	<u>342,000</u>	<u>312,000</u>	<u>306,518</u>	<u>5,482</u>
6030	Total Expenditures	<u>26,509,770</u>	<u>28,488,150</u>	<u>27,966,011</u>	<u>522,139</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(78,270)</u>	<u>(1,221,235)</u>	<u>(191,024)</u>	<u>1,030,211</u>
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	1,042,400	1,042,900	500
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>1,042,400</u>	<u>1,042,900</u>	<u>500</u>
1200	Net Change in Fund Balance	<u>(78,270)</u>	<u>(178,835)</u>	<u>851,876</u>	<u>1,030,711</u>
0100	Fund Balance - Beginning	9,441,832	9,441,832	9,441,832	--
3000	Fund Balance - Ending	<u>\$ 9,363,562</u>	<u>\$ 9,262,997</u>	<u>\$ 10,293,708</u>	<u>\$ 1,030,711</u>

BULLARD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.011%	0.010%	0.012%	0.012%	0.011%	0.010%	0.010%	0.005%	--	--
District's proportionate share of the net pension liability (asset)	\$ 2,762,054	\$ 5,373,518	\$ 6,199,680	\$ 6,871,507	\$ 3,444,595	\$ 3,656,024	\$ 3,546,214	\$ 1,269,218	--	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	6,852,792	14,021,313	12,371,201	13,846,589	7,832,312	8,949,256	8,428,334	6,943,198	--	--
Total	\$ 9,614,846	\$ 19,394,831	\$ 18,570,881	\$ 20,718,096	\$ 11,276,907	\$ 12,605,280	\$ 11,974,548	\$ 8,212,416	--	\$ --
District's covered payroll	\$ 17,838,696	\$ 16,810,636	\$ 15,702,432	\$ 16,463,098	\$ 14,796,967	\$ 13,487,072	\$ 12,732,153	\$ 11,944,803	--	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	15.48%	31.96%	39.48%	41.74%	23.28%	27.11%	27.85%	10.63%	--	--
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

BULLARD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Fiscal Year Ended August 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 552,587	\$ 453,844	\$ 413,968	\$ 410,765	\$ 407,000	\$ 339,359	\$ 307,398	\$ 297,054	\$ --	\$ --
Contributions in relation to the contractually required contribution	(552,587)	(453,844)	(413,968)	(410,765)	(407,000)	(339,359)	(307,398)	(297,054)	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 18,632,629	\$ 17,838,696	\$ 16,810,636	\$ 15,702,432	\$ 16,463,098	\$ 14,796,767	\$ 13,487,072	\$ 12,732,153	\$ --	\$ --
Contributions as a percentage of covered payroll	2.97%	2.54%	2.46%	2.62%	2.47%	2.29%	2.28%	2.33%	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

BULLARD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective net OPEB liability	0.020%	0.018%	0.018%	0.020%	0.016%	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 7,527,389	\$ 6,961,218	\$ 8,722,905	\$ 9,754,759	\$ 6,925,666	--	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	10,085,024	9,354,209	11,590,788	13,565,637	11,460,979	--	--	--	--	--
Total	<u>\$ 17,612,413</u>	<u>\$ 16,315,427</u>	<u>\$ 20,313,693</u>	<u>\$ 23,320,396</u>	<u>\$ 18,386,645</u>	<u>--</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 17,838,696	\$ 16,810,636	\$ 15,702,432	\$ 16,463,098	\$ 14,796,967	--	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.20%	41.41%	55.55%	59.25%	46.80%	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

BULLARD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Fiscal Year Ended August 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily or contractually required District contribution	\$ 163,908	\$ 152,448	\$ 139,184	\$ 126,094	\$ 126,748	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(163,908)	(152,448)	(139,184)	(126,094)	(126,748)	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 18,632,629	\$ 17,838,696	\$ 16,810,636	\$ 15,702,432	\$ 16,463,098	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	0.88%	0.85%	0.83%	0.80%	0.77%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

BULLARD INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2022

Budget

The official budget was prepared for adoption for the General Fund, Capital Projects Fund, National School Breakfast and Lunch Program, and Debt Service Fund. 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:

- a. Prior to August 21 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.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

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 August 31, 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.

Defined Benefit Pension Plan And Other Post-Benefit Plans

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and OPEB liability:

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	--
2015	8.000%	8.000%	--
2014	8.000%	8.000%	--

BULLARD INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

Changes in demographic and economic assumptions

For measurement date August 31, 2018 - Net Pension Liability and Net OPEB Liability:

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

For measurement date August 31, 2020 - Net OPEB Liability:

The participant rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

Supplementary Information

BULLARD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2022

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ 583,598	\$ --
1240 Due from Other Governments	48,844	112,964	31,303	2,974
1290 Other Receivables	--	--	23,773	--
1000 Total Assets	<u>\$ 48,844</u>	<u>\$ 112,964</u>	<u>\$ 638,674</u>	<u>\$ 2,974</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ 35,832	\$ --
2160 Accrued Wages Payable	23,170	27,868	3,360	--
2170 Due to Other Funds	25,674	85,096	202	2,443
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	21,753	531
2000 Total Liabilities	<u>48,844</u>	<u>112,964</u>	<u>61,147</u>	<u>2,974</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	577,527	--
Committed Fund Balances:				
3545 Other Committed Fund Balance-Campus Activities	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>577,527</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 48,844</u>	<u>\$ 112,964</u>	<u>\$ 638,674</u>	<u>\$ 2,974</u>

281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act	284 IDEA-B the American Rescue Plan Act	289 Title IV Part A Subpart 1 Fund	397 Advanced Placement Incentives
\$ --	\$ --	\$ --	\$ --	\$ 185
69,105	65,021	17,521	209	--
--	--	--	--	--
<u>\$ 69,105</u>	<u>\$ 65,021</u>	<u>\$ 17,521</u>	<u>\$ 209</u>	<u>\$ 185</u>
\$ --	\$ --	\$ --	\$ --	\$ --
69,105	65,021	6,853	209	--
--	--	10,668	--	--
--	--	--	--	--
<u>69,105</u>	<u>65,021</u>	<u>17,521</u>	<u>209</u>	<u>51</u>
--	--	--	--	134
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>134</u>
<u>\$ 69,105</u>	<u>\$ 65,021</u>	<u>\$ 17,521</u>	<u>\$ 209</u>	<u>\$ 185</u>

BULLARD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2022

Data Control Codes	410 State Textbook Fund	461 Campus Activity Funds	492 Bullard Education Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 394,831	\$ 2,299	\$ 980,913
1240	Due from Other Governments	27,874	--	--	375,815
1290	Other Receivables	--	--	--	23,773
1000	Total Assets	\$ 27,874	\$ 394,831	\$ 2,299	1,380,501
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 18,776	\$ --	\$ 54,608
2160	Accrued Wages Payable	--	--	--	61,251
2170	Due to Other Funds	27,874	--	--	286,292
2180	Due to Other Governments	--	--	2,299	2,299
2300	Unearned Revenue	--	--	--	22,335
2000	Total Liabilities	27,874	18,776	2,299	426,785
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	577,661
Committed Fund Balances:					
3545	Other Committed Fund Balance-Campus Activities	--	376,055	--	376,055
3000	Total Fund Balances	--	376,055	--	953,716
4000	Total Liabilities and Fund Balances	\$ 27,874	\$ 394,831	\$ 2,299	\$ 1,380,501

BULLARD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant	226 IDEA-Part B Discretionary
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	350,727	429,684	1,337	35,043
5020 Total Revenues	<u>350,727</u>	<u>429,684</u>	<u>1,337</u>	<u>35,043</u>
EXPENDITURES:				
Current:				
0011 Instruction	280,933	159,326	1,337	35,043
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	69,035	--	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	759	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	270,358	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
6030 Total Expenditures	<u>350,727</u>	<u>429,684</u>	<u>1,337</u>	<u>35,043</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	266 Coronavirus Aid Relief, and Economic Security Act	281 ESSER Fund II of the CRRSA Act
\$ 137,364	\$ --	\$ --	\$ --	\$ --
17,298	--	--	--	--
<u>1,346,357</u>	<u>21,221</u>	<u>57,873</u>	<u>44,863</u>	<u>673,269</u>
<u>1,501,019</u>	<u>21,221</u>	<u>57,873</u>	<u>44,863</u>	<u>673,269</u>
--	21,221	--	--	129,677
--	--	--	--	--
--	--	24,395	3,994	28,201
--	--	1,156	--	--
--	--	32,322	--	515,391
--	--	--	40,869	--
--	--	--	--	--
947,006	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>947,006</u>	<u>21,221</u>	<u>57,873</u>	<u>44,863</u>	<u>673,269</u>
554,013	--	--	--	--
<u>554,013</u>	--	--	--	--
23,514	--	--	--	--
<u>\$ 577,527</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

BULLARD INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	282 ESSER Fund III of the American Rescue Plan Act	284 IDEA-B the American Rescue Plan Act	289 Title IV Part A Subpart 1 Fund
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	978,248	46,500	253,341
5020 Total Revenues	<u>978,248</u>	<u>46,500</u>	<u>253,341</u>
EXPENDITURES:			
Current:			
0011 Instruction	240,903	17,451	212,432
0012 Instructional Resources and Media Services	3,088	--	--
0013 Curriculum and Staff Development	12,209	1,850	1,200
0021 Instructional Leadership	2,059	1,726	--
0023 School Leadership	612,209	--	--
0031 Guidance, Counseling, and Evaluation Services	57,855	25,473	20,209
0033 Health Services	3,088	--	1,500
0034 Student Transportation	14,926	--	--
0035 Food Service	1,544	--	--
0036 Cocurricular/Extracurricular Activities	1,544	--	--
0041 General Administration	2,059	--	--
0051 Facilities Maintenance and Operations	22,132	--	--
0052 Security and Monitoring Services	1,544	--	--
0053 Data Processing Services	3,088	--	18,000
6030 Total Expenditures	<u>978,248</u>	<u>46,500</u>	<u>253,341</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

397 Advanced Placement Incentives	410 State Textbook Fund	461 Campus Activity Funds	492 Bullard Education Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 635,251	\$ 18,710	\$ 791,325
134	65,440	--	--	82,872
--	--	--	--	4,238,463
<u>134</u>	<u>65,440</u>	<u>635,251</u>	<u>18,710</u>	<u>5,112,660</u>
--	65,440	--	18,710	1,182,473
--	--	--	--	3,088
--	--	--	--	140,884
--	--	--	--	4,941
--	--	--	--	1,160,681
--	--	--	--	414,764
--	--	--	--	4,588
--	--	--	--	14,926
--	--	--	--	948,550
--	--	586,277	--	587,821
--	--	--	--	2,059
--	--	--	--	22,132
--	--	--	--	1,544
--	--	--	--	21,088
<u>--</u>	<u>65,440</u>	<u>586,277</u>	<u>18,710</u>	<u>4,509,539</u>
134	--	48,974	--	603,121
<u>134</u>	<u>--</u>	<u>48,974</u>	<u>--</u>	<u>603,121</u>
--	--	327,081	--	350,595
\$ <u><u>134</u></u>	\$ <u><u>--</u></u>	\$ <u><u>376,055</u></u>	\$ <u><u>--</u></u>	\$ <u><u>953,716</u></u>

BULLARD INDEPENDENT SCHOOL DISTRICT

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT H-3

Data Control Codes	1	2	3 Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
5700 Local and Intermediate Sources	\$ 123,100	\$ 123,029	\$ (71)
5020 Total Revenues	<u>123,100</u>	<u>123,029</u>	<u>(71)</u>
EXPENDITURES:			
Debt Service:			
0073 Debt Issuance Costs and Fees	385,300	385,254	46
Total Debt Service	<u>385,300</u>	<u>385,254</u>	<u>46</u>
6030 Total Expenditures	<u>385,300</u>	<u>385,254</u>	<u>46</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(262,200)</u>	<u>(262,225)</u>	<u>(25)</u>
Other Financing Sources (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	80,600,000	80,600,000	--
7916 Premium or Discount on Issuance of Bonds	2,785,300	2,785,254	(46)
7080 Total Other Financing Sources and (Uses)	<u>83,385,300</u>	<u>83,385,254</u>	<u>(46)</u>
1200 Net Change in Fund Balance	<u>83,123,100</u>	<u>83,123,029</u>	<u>(71)</u>
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ 83,123,100</u>	<u>\$ 83,123,029</u>	<u>\$ (71)</u>

BULLARD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.17		.30		851,433,902
2015		1.17		.30		902,627,418
2016		1.17		.50		918,367,475
2017		1.17		.50		1,003,721,975
2018		1.17		.50		1,082,014,686
2019		1.17		.46		1,140,838,040
2020		1.06		.41		1,203,766,459
2021		.9953		.38		1,323,621,574
2022 (School Year Under Audit)		.952		.4043		1,372,067,684
1000 Totals						

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 436,156	\$ --	\$ 17,789	\$ 4,917	\$ (20,782)	\$ 392,668
55,228	--	2,551	654	(804)	51,219
63,298	--	6,520	1,672	(843)	54,263
69,877	--	8,694	3,716	(826)	56,641
77,738	--	10,106	4,319	(1,153)	62,160
99,773	--	15,330	6,551	(1,014)	76,878
130,884	--	29,126	11,451	6,801	97,108
167,965	--	43,617	16,871	4,976	112,453
281,822	--	89,816	36,084	(17,490)	138,432
--	18,609,354	12,829,736	5,448,593	(23,751)	307,274
<u>\$ 1,382,741</u>	<u>\$ 18,609,354</u>	<u>\$ 13,053,285</u>	<u>\$ 5,534,828</u>	<u>\$ (54,886)</u>	<u>\$ 1,349,096</u>

BULLARD INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
 GENERAL FUND
 AS OF AUGUST 31, 2022

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2022 (Exhibit C-1 object 3000 for the General Fund only)	\$ 10,293,708
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	9,779
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	2,000,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	837,183
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	4,700,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	7,546,962
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 2,746,746

Above amount to be used for future buildings and equipment.

BULLARD INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
 AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,357,972
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)	\$ 919,799
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 39,805
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 24,705

BULLARD INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 126,500	\$ 137,364	\$ 10,864
5800 State Program Revenues	16,225	17,298	1,073
5900 Federal Program Revenues	1,227,268	1,346,357	119,089
5020 Total Revenues	<u>1,369,993</u>	<u>1,501,019</u>	<u>131,026</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	930,000	947,006	(17,006)
Total Support Services - Student (Pupil)	<u>930,000</u>	<u>947,006</u>	<u>(17,006)</u>
6030 Total Expenditures	<u>930,000</u>	<u>947,006</u>	<u>(17,006)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	439,993	554,013	114,020
1200 Net Change in Fund Balance	<u>439,993</u>	<u>554,013</u>	<u>114,020</u>
0100 Fund Balance - Beginning	23,514	23,514	--
3000 Fund Balance - Ending	<u>\$ 463,507</u>	<u>\$ 577,527</u>	<u>\$ 114,020</u>

BULLARD INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT J-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 5,599,229	\$ 5,621,633	\$ 22,404
5800 State Program Revenues	110,100	110,084	(16)
5020 Total Revenues	<u>5,709,329</u>	<u>5,731,717</u>	<u>22,388</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	2,395,533	2,395,532	1
0072 Interest on Long-Term Debt	2,511,955	2,496,123	15,832
0073 Debt Issuance Costs and Fees	20,250	19,000	1,250
Total Debt Service	<u>4,927,738</u>	<u>4,910,655</u>	<u>17,083</u>
6030 Total Expenditures	<u>4,927,738</u>	<u>4,910,655</u>	<u>17,083</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>781,591</u>	<u>821,062</u>	<u>39,471</u>
Other Financing Sources (Uses):			
8940 Payment to Bond Refunding Escrow Agent	(310,000)	(310,000)	--
7080 Total Other Financing Sources and (Uses)	<u>(310,000)</u>	<u>(310,000)</u>	<u>--</u>
1200 Net Change in Fund Balance	471,591	511,062	39,471
0100 Fund Balance - Beginning	2,136,065	2,136,065	--
3000 Fund Balance - Ending	<u>\$ 2,607,656</u>	<u>\$ 2,647,127</u>	<u>\$ 39,471</u>

*Overall Compliance, Internal Control Section
and Federal Awards*

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Bullard Independent School District
1426B S Houston St
Bullard, Texas 75757

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullard Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Bullard Independent School District's basic financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 10, 2022

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Bullard Independent School District
1426B S Houston St
Bullard, Texas 75757

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bullard Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bullard Independent School District's major federal programs for the year ended August 31, 2022. Bullard Independent School 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, Bullard Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Bullard Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bullard Independent School 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 Bullard Independent School 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 Bullard Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bullard Independent School District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bullard Independent School 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 Bullard Independent School 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 Bullard Independent School 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,



Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 10, 2022

BULLARD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: April 2022

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 ESSER Funds
32.009	Emergency Connectivity Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

BULLARD INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022

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

BULLARD INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

No findings reported, so no corrective action required.

BULLARD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT K-1

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipient	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
School Breakfast Program	10.553	212-902	\$ --	\$ 217,936
National School Lunch Program (Cash)	10.555	212-902	--	979,548
National School Lunch Program (Non-cash)	10.555	212-902	--	72,453
National School Lunch Program	10.555	6TX300400	--	76,420
Total ALN Number 10.555			--	1,128,421
Total Passed Through Texas Department of Agriculture			--	1,346,357
Total U. S. Department of Agriculture			--	1,346,357
Total Child Nutrition Cluster			--	1,346,357
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-Part B, Formula	84.027a	226600012129026600	--	401,816
IDEA-Part B, Formula	84.027a	236600012129026600	--	1,142
IDEA-Part B, Formula	84.027a	236600012129026600	--	26,726
IDEA-Part B, Discretionary	84.027a	66002206	--	35,043
Total ALN Number 84.027a			--	464,727
COVID-19 IDEA-Part B, Formula-American Rescue Plan Act of 2021	84.027x	235350012129025350	--	6,853
COVID-19 IDEA-Part B, Formula-American Rescue Plan Act of 2021	84.027x	225350012129025350	--	39,647
Total ALN Number 84.027x			--	46,500
IDEA-Part B, Preschool	84.173a	226610012129026610	--	1,337
Total Passed Through State Department of Education			--	512,564
Total U. S. Department of Education			--	512,564
Total Special Education (IDEA) Cluster			--	512,564
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	22610101212902	--	327,557
ESEA Title I Part A - Improving Basic Programs	84.010a	23610101212902	--	23,170
Total ALN Number 84.010a			--	350,727
Career and Technical Education - Basic Grant	84.048a	22420006212902	--	21,221
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	22694501212902	--	57,873
Title IV, Part A, Subpart I	84.424A	22680101212902	--	24,841
COVID-19 Coronavirus Aid, Relief, & Economic Security (CARES) Act-ESSER	84.425d	20521001212902	--	44,863
COVID-19 ESSER Fund II of the CRRSA Act	84.425d	21521001212902	--	673,269
Total ALN Number 84.425d			--	718,132
COVID-19 ESSER Fund III of the American Rescue Plan Act of 2021	84.425u	21528001212902	--	978,248
Total Passed Through State Department of Education			--	2,151,042
Total U. S. Department of Education			--	2,151,042
<u>Federal Communications Commission</u>				
Direct Programs:				
Emergency Connectivity Fund Program	32.009	--	--	228,500
Total Direct Programs:			--	228,500
Total Federal Communications Commission			--	228,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$	\$ 4,238,463

The accompanying notes are an integral part of this schedule.

BULLARD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2022

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Bullard Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of federal awards:

Exhibit C-2 federal amounts	\$ 4,570,961
Less: Student Health and Related Services (not applicable for SEFA)	(332,498)
Total expenditures of federal awards per SEFA	\$ <u>4,238,463</u>

Other Information

BULLARD INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the 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?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the 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	\$ 344,137