

**BLUM INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL AND COMPLIANCE REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2021*

This page left intentionally blank.

**BLUM INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Certificate of Board .....	1	
<u>Independent Auditor's Report:</u>		
Unmodified Opinion on Basic Financial Statements Accompanied by Required Supplementary Information and Other Supplementary Information .....	2	
Management's Discussion and Analysis .....	4	
<u>Basic Financial Statements:</u>		
Government-Wide Financial Statements:		
Statement of Net Position .....	10	A-1
Statement of Activities .....	11	B-1
Governmental Fund Financial Statements:		
Balance Sheet-Governmental Funds .....	12	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds .....	15	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	17	C-4
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position-Fiduciary Funds .....	18	E-1
Statement of Changes in Fiduciary Fund Net Position - Fiduciary Funds .....	19	E-2
Notes to the Financial Statements .....	20	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule-General Fund .....	42	G-1
Schedule of District's Proportionate Share of the Net Pension Liability (TRS) .....	43	G-2
Schedule of District Pension Contributions to TRS .....	44	G-3
Schedule of District's Proportionate Share of the Net OPEB Liability (TRS) .....	45	G-4
Schedule of District OPEB Contributions to TRS .....	46	G-5
Notes to Required Supplementary Information .....	47	
<u>Combining Schedules:</u>		
Combining Balance Sheet-Nonmajor Governmental Funds .....	49	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds .....	51	H-2
<u>Required TEA Schedules:</u>		
Schedule of Delinquent Taxes Receivable .....	54	J-1
Budgetary Comparison Schedule-Child Nutrition Program .....	56	J-2
Budgetary Comparison Schedule - Debt Service Fund .....	57	J-3
State Compensatory Education and Bilingual Education Program Expenditures .....	58	J-4
<u>Overall Compliance and Internal Controls Section:</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	60	
Summary Schedule of Prior Audit Findings .....	61	
Schedule of Findings and Responses .....	62	
Corrective Action Plan .....	63	

This page left intentionally blank.

CERTIFICATE OF BOARD

Blum Independent School District  
Name of School District

Hill  
County

109-913  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and  approved  
-  disapproved for the year ended August 31, 2021, at a meeting of the board of school trustees of such school district on the  
10 day of NOVEMBER, 2021.



Signature of Board Secretary



Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

This page left intentionally blank.

## Independent Auditor's Report

### UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees  
Blum Independent School District  
P.O. Box 520  
Blum, Texas 76627

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Blum Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blum Independent School District as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

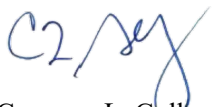
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, Schedule of District's Proportionate Share of the Net Pension Liability (TRS), Schedule of District Pension Contributions to TRS, Schedule of District's Proportionate Share of the Net OPEB Liability (TRS) and Schedule of District OPEB Contributions to TRS as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the TEA required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2021, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Cameron L. Galley  
Certified Public Accountant  
Eastland, Texas

November 10, 2021



# Blum Independent School District

Board President

P.O. Box 520

Superintendent

Richard McPherson

254-874-5231

Blum, TX 76627

Jeff Sanders

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Blum Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 - 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### Reporting the District as a Whole

#### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's fund type - governmental - use the following accounting approaches.

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

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 18 and 19. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Total net position of the District's governmental activities increased from \$6,124,744 to \$7,899,110. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$2,282,479 to \$3,897,903. Current and other assets increased by \$299 thousand due to increases in cash. Capital assets increased by \$806 thousand due to current year asset additions in excess of depreciation expense. Long-term liabilities decreased by \$909 thousand due to long-term debt retired and the effects of net pension (NPL) and other post-employment benefit (OPEB) liabilities. Other liabilities decreased by \$313 thousand due to ending accounts payable related to prior year construction accruals. Deferred resource outflows related to NPL and OPEB liabilities decreased by \$197 thousand and deferred resource inflows related to NPL and OPEB liabilities increased by \$355 thousand.

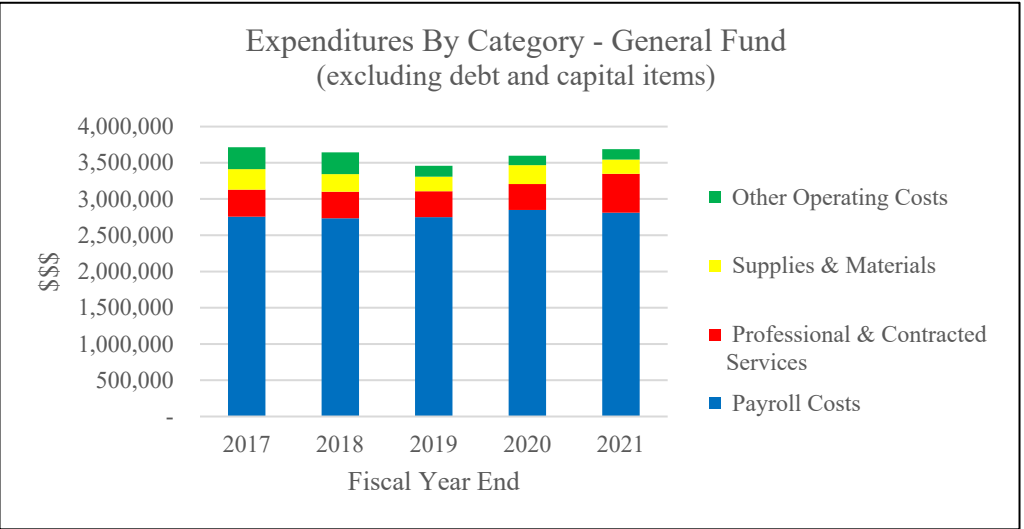
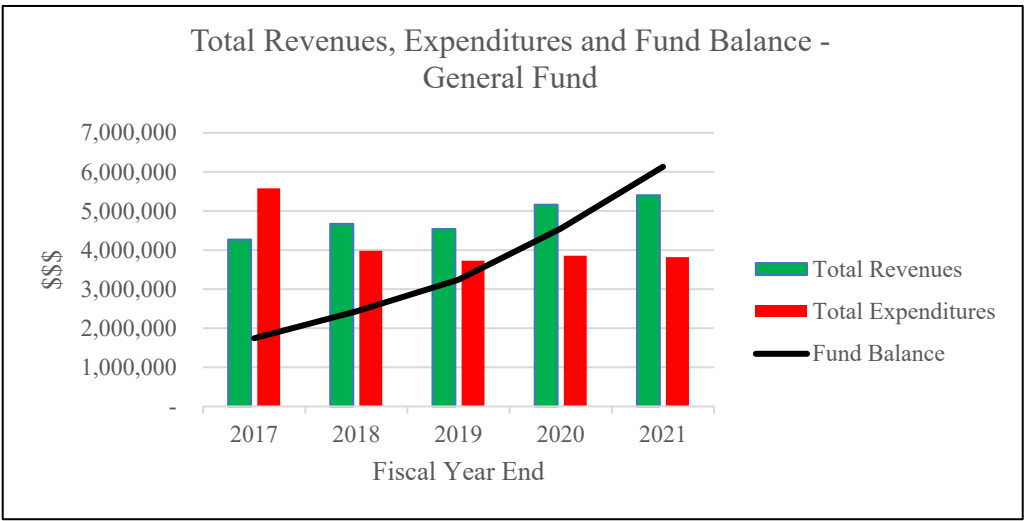
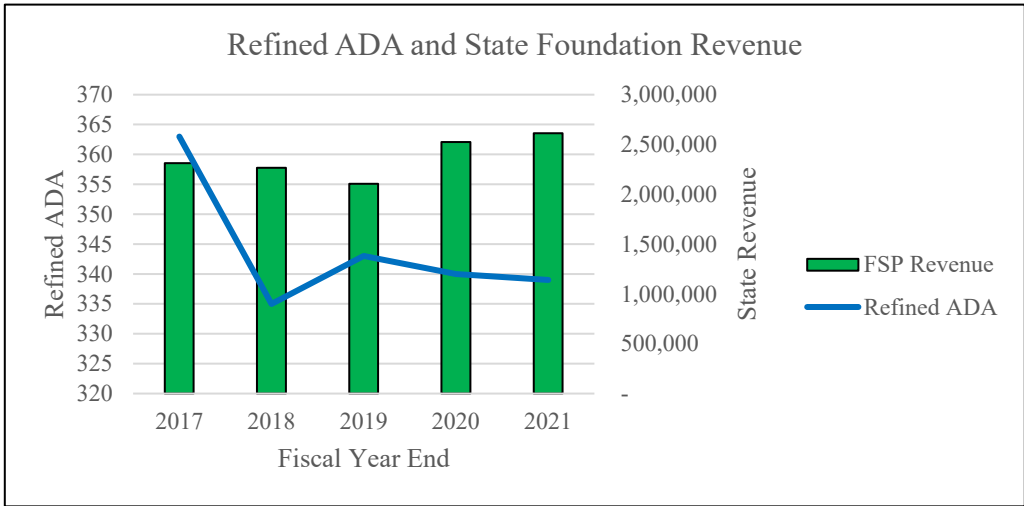
Total revenues increased by \$354 thousand for the year. Operating grants and contributions increased by \$136 thousand due to federal grant funding related to USDA child nutrition and state grant funding for textbooks and security. Property tax revenues increased due to property valuation increases of approximately 8%. State aid-formula grants increased primarily due to Available School Funding allocations received. Other revenues decreased due to investment income. Charges for services decreased due to changes in student meal pricing related to the changes in USDA child nutrition operating procedures during the year.

Total expenses were essentially the same as they were last year. However, excluding the effects of accruals related to NPL and OPEB expenditures total expenses increased by \$145 thousand. Most of that increase was realized in facilities maintenance and operations for contracted cleaning and maintenance services during the year which totaled approximately \$126 thousand. Extracurricular activities increased as students began participating again in athletic events which were canceled in the previous year. The expense increases relative to that were for student travel and fees related to various event activities. Functional changes in instruction, instructional and school leadership and student support services were related to depreciation expense and payroll costs.

Table I Net Position			
	Governmental Activities 2021	Governmental Activities 2020	Variance Increase/ (Decrease)
Current and other assets	\$ 6,632,298	\$ 6,333,239	\$ 299,059
Capital assets	10,776,076	9,969,838	806,238
Deferred resource outflows for TRS	465,035	662,500	(197,465)
Total assets and deferred resource outflows	17,873,409	16,965,577	907,832
Long-term liabilities	8,704,603	9,613,424	(908,821)
Other liabilities	167,709	480,241	(312,532)
Deferred resource inflows for TRS	1,101,987	747,168	354,819
Total liabilities and deferred resource inflows	9,974,299	10,840,833	(866,534)
Net position:			
Net investment in capital assets	3,796,193	2,615,293	1,180,900
Restricted for debt service, food service and other	205,014	1,226,972	(1,021,958)
Unrestricted	3,897,903	2,282,479	1,615,424
Total net position	\$ 7,899,110	\$ 6,124,744	\$ 1,774,366

Table II Changes in Net Position			
	Governmental Activities 2021	Governmental Activities 2020	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 26,759	\$ 70,346	\$ (43,587)
Operating grants and contributions	1,009,487	873,969	135,518
General Revenues:			
Property taxes	2,841,263	2,606,309	234,954
State aid - formula grants	2,718,886	2,639,640	79,246
Other	43,812	96,442	(52,630)
Total Revenues	6,640,207	6,286,706	353,501
Expenses:			
Instruction, curriculum and media services	2,483,969	2,553,943	69,974
Instructional and school leadership	349,851	364,003	14,152
Student support services	377,658	413,859	36,201
Child nutrition	300,401	300,440	39
Extracurricular activities	173,686	141,211	(32,475)
General administration	364,104	385,905	21,801
Plant maintenance, security & data processing	516,958	400,592	(116,366)
Debt service	196,416	205,120	8,704
Payments related to shared service arrangements	19,618	23,561	3,943
Other intergovernmental charges	83,180	74,394	(8,786)
Total Expenses	4,865,841	4,863,028	(2,813)
Increase (Decrease) in Net Position	1,774,366	1,423,678	350,688
Net Position - beginning of year	6,124,744	4,701,066	1,423,678
Net Position - end of year	\$ 7,899,110	\$ 6,124,744	\$ 1,774,366

The following charts depict trend information for the past five years.



## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$6,382,827, an increase of \$626,211 in the District's Governmental Funds from last year's fund balance of \$5,756,616. The primary reasons for the net increase are similar to the narrative related to the tables above. The major exceptions are depreciation expense which is not charged to the governmental funds and the net effect relative to GASB 68 and 75 and capitalized expenditures whose impacts are only at the government-wide level financial statements. The specific variances in the changes in fund balance versus the change in net position are detailed out on Exhibit C-4 on the accompanying general purpose financial statements.

The Board of Trustees revised the District's budget three times during the year. The most significant amendment was to increase expenditures for facilities acquisition and construction not originally budgeted.

The District's General Fund balance of \$6,130,553 reported on pages 15 and 42 differs from the General Fund's budgetary fund balance of \$4,283,905 reported in the budgetary comparison schedule on page 42 due to primarily to instruction, facilities maintenance and operations and facilities acquisition and construction expenditures being significantly less than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal year 2021, the District had \$14,843,832 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Following were asset additions for the year.

Asset additions:

Athletic complex	\$ 1,040,774
2021 Chevrolet pickup	43,993
2021 Caterpillar track loader	51,883
John Deere gator and dump trailer	17,643
Cafeteria equipment	13,034
Other equipment	23,016
Total asset additions	<u>\$ 1,190,343</u>

### *Debt*

The District has three outstanding debt instruments issued to finance the construction of educational facilities and equipment. Interest rates payable vary 2.0% to 4.0%. Final maturity on the bonds will be in fiscal year 2034.

Following is a summary of outstanding debt for the past two years:

	2021	2020
Bonds payable	\$ 6,215,000	\$ 6,580,000
Capital leases	50,250	0
Total outstanding debt	<u>\$ 6,265,250</u>	<u>\$ 6,580,000</u>

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

The District should continue to maintain its financial health. A budget adopted for 2021-22 reflected tax rates at \$1.0133 for maintenance and operations and \$0.2952 for debt service. General fund revenues and expenditures were budgeted at approximately \$5.05 million for a projected break-even budget. Therefore, the District expects that its general fund balance will remain at approximately \$6.13 million at August 31, 2022.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Blum Independent School District, P.O. Box 520, Blum, Texas 76627.

This page left intentionally blank.

*BASIC FINANCIAL STATEMENTS*

This page left intentionally blank.



BLUM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 6,176,227
1220 Property Taxes - Delinquent	114,375
1230 Allowance for Uncollectible Taxes	(25,151)
1240 Due from Other Governments	366,847
Capital Assets:	
1510 Land	61,292
1520 Buildings, Net	8,684,244
1530 Furniture and Equipment, Net	691,025
1590 Infrastructure, Net	1,339,515
1000 Total Assets	17,408,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	308,807
1706 Deferred Outflow Related to TRS OPEB	156,228
1700 Total Deferred Outflows of Resources	465,035
<b>LIABILITIES</b>	
2110 Accounts Payable	15,369
2140 Interest Payable	7,462
2160 Accrued Wages Payable	141,277
2180 Due to Other Governments	219
2200 Accrued Expenses	3,382
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	389,815
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	6,586,479
2540 Net Pension Liability (District's Share)	746,224
2545 Net OPEB Liability (District's Share)	982,085
2000 Total Liabilities	8,872,312
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	253,363
2606 Deferred Inflow Related to TRS OPEB	848,624
2600 Total Deferred Inflows of Resources	1,101,987
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	3,796,193
Restricted:	
3820 Restricted for Federal and State Programs	8,319
3850 Restricted for Debt Service	196,695
3900 Unrestricted	3,897,903
3000 Total Net Position	\$ 7,899,110

The notes to the financial statements are an integral part of this statement.

BLUM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

Net (Expense)  
Revenue and  
Changes in Net  
Position

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 2,401,473	\$ -	\$ 556,029	\$ (1,845,444)
12	Instructional Resources and Media Services	15,096	-	-	(15,096)
13	Curriculum and Instructional Staff Development	67,400	-	61,558	(5,842)
21	Instructional Leadership	35,075	-	2,685	(32,390)
23	School Leadership	314,776	-	22,105	(292,671)
31	Guidance, Counseling, and Evaluation Services	118,244	-	9,413	(108,831)
33	Health Services	72,318	-	5,942	(66,376)
34	Student (Pupil) Transportation	187,096	-	5,385	(181,711)
35	Food Services	300,401	12,888	286,720	(793)
36	Extracurricular Activities	173,686	11,821	5,781	(156,084)
41	General Administration	364,104	-	23,274	(340,830)
51	Facilities Maintenance and Operations	482,987	2,050	27,778	(453,159)
53	Data Processing Services	33,971	-	2,817	(31,154)
72	Debt Service - Interest on Long-Term Debt	195,919	-	-	(195,919)
73	Debt Service - Bond Issuance Cost and Fees	497	-	-	(497)
93	Payments Related to Shared Services Arrangements	19,618	-	-	(19,618)
99	Other Intergovernmental Charges	83,180	-	-	(83,180)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 4,865,841	\$ 26,759	\$ 1,009,487	(3,829,595)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	2,164,475
DT	Property Taxes, Levied for Debt Service	676,788
SF	State Aid - Formula Grants	2,718,886
IE	Investment Earnings	61
MI	Miscellaneous Local and Intermediate Revenue	43,751
TR	Total General Revenues	5,603,961
CN	Change in Net Position	1,774,366
NB	Net Position - Beginning	6,124,744
NE	Net Position - Ending	\$ 7,899,110

The notes to the financial statements are an integral part of this statement.

This page left intentionally blank.

BLUM INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 5,925,341	\$ 182,668	\$ 66,369
1220 Property Taxes - Delinquent	91,149	23,226	-
1230 Allowance for Uncollectible Taxes	(21,034)	(4,117)	-
1240 Due from Other Governments	317,216	-	-
1260 Due from Other Funds	29,667	-	-
1000 Total Assets	<u>\$ 6,342,339</u>	<u>\$ 201,777</u>	<u>\$ 66,369</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 14,272	\$ -	\$ -
2160 Accrued Wages Payable	124,802	-	-
2170 Due to Other Funds	-	4,863	-
2180 Due to Other Governments	-	219	-
2200 Accrued Expenditures	2,597	-	-
2000 Total Liabilities	<u>141,671</u>	<u>5,082</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	70,115	19,109	-
2600 Total Deferred Inflows of Resources	<u>70,115</u>	<u>19,109</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	177,586	-
Committed Fund Balance:			
3510 Construction	3,500,000	-	66,369
3530 Capital Expenditures for Equipment	50,000	-	-
3600 Unassigned Fund Balance	2,580,553	-	-
3000 Total Fund Balances	<u>6,130,553</u>	<u>177,586</u>	<u>66,369</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,342,339</u>	<u>\$ 201,777</u>	<u>\$ 66,369</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,849	\$ 6,176,227
-	114,375
-	(25,151)
49,631	366,847
-	29,667
<u>\$ 51,480</u>	<u>\$ 6,661,965</u>
\$ 1,097	\$ 15,369
16,475	141,277
24,804	29,667
-	219
785	3,382
<u>43,161</u>	<u>189,914</u>
-	89,224
<u>-</u>	<u>89,224</u>
8,319	8,319
-	177,586
-	3,566,369
-	50,000
-	2,580,553
<u>8,319</u>	<u>6,382,827</u>
<u>\$ 51,480</u>	<u>\$ 6,661,965</u>

BLUM INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	6,382,827
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$13,653,489 and the accumulated depreciation was (\$3,683,651). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,619,314
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		1,556,976
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$308,807, a deferred resource inflow in the amount of \$253,363, and a net pension liability in the amount of \$746,224. This resulted in a decrease in net position.		(690,780)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$156,228, a deferred resource inflow in the amount of \$848,624, and a net OPEB liability in the amount of \$982,085. This resulted in a decrease in net position.		(1,674,481)
5 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(384,105)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of loans and capital leases as an increase in long-term debt and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		89,359
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>7,899,110</b>

The notes to the financial statements are an integral part of this statement.

This page left intentionally blank.

BLUM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 2,249,477	\$ 675,656	\$ -
5800 State Program Revenues	2,907,757	3,964	-
5900 Federal Program Revenues	191,796	-	-
5020 Total Revenues	<u>5,349,030</u>	<u>679,620</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	1,980,741	-	-
0012 Instructional Resources and Media Services	13,965	-	-
0013 Curriculum and Instructional Staff Development	800	-	-
0021 Instructional Leadership	34,287	-	-
0023 School Leadership	285,289	-	-
0031 Guidance, Counseling, and Evaluation Services	106,505	-	-
0033 Health Services	65,443	-	-
0034 Student (Pupil) Transportation	166,250	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	159,089	-	-
0041 General Administration	330,498	-	-
0051 Facilities Maintenance and Operations	530,693	-	-
0053 Data Processing Services	30,738	-	-
Debt Service:			
0071 Principal on Long-Term Debt	1,633	365,000	-
0072 Interest on Long-Term Debt	231	255,600	-
0073 Bond Issuance Cost and Fees	-	497	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	9,017	-	1,023,567
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	19,618	-	-
0099 Other Intergovernmental Charges	83,180	-	-
6030 Total Expenditures	<u>3,817,977</u>	<u>621,097</u>	<u>1,023,567</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,531,053	58,523	(1,023,567)
<b>OTHER FINANCING SOURCES (USES):</b>			
7913 Capital Leases	51,883	-	-
1200 Net Change in Fund Balances	1,582,936	58,523	(1,023,567)
0100 Fund Balance - September 1 (Beginning)	<u>4,547,617</u>	<u>119,063</u>	<u>1,089,936</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,130,553</u>	<u>\$ 177,586</u>	<u>\$ 66,369</u>

The notes to the financial statements are an integral part of this statement.



Other Funds	Total Governmental Funds
\$ 11,248	\$ 2,936,381
75,923	2,987,644
497,610	689,406
584,781	6,613,431
201,480	2,182,221
-	13,965
61,558	62,358
-	34,287
-	285,289
522	107,027
-	65,443
-	166,250
287,902	287,902
-	159,089
-	330,498
-	530,693
-	30,738
-	366,633
-	255,831
-	497
25,000	1,057,584
-	19,618
-	83,180
576,462	6,039,103
8,319	574,328
-	51,883
8,319	626,211
-	5,756,616
\$ 8,319	\$ 6,382,827

BLUM INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	626,211
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.		1,556,976
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(384,105)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of long-term debt and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(7,023)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$57,360. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$57,488. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$62,796. The net result was a decrease in the change in net position.		(62,924)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$19,159. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$19,636. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$45,708. The net result was an increase in the change in net position.		45,231
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>1,774,366</u>

The notes to the financial statements are an integral part of this statement.

BLUM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2021

	Private Purpose Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 61,537	\$ 96,947
Total Assets	<u>61,537</u>	<u>\$ 96,947</u>
<b>NET POSITION</b>		
Restricted for Scholarships	61,537	-
Restricted for Other Purposes	<u>-</u>	<u>96,947</u>
Total Net Position	<u>\$ 61,537</u>	<u>\$ 96,947</u>

The notes to the financial statements are an integral part of this statement.

BLUM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Private Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Contributions to Student Groups	\$ -	\$ 10,483
Miscellaneous Revenue - Student Activities	-	83,585
Enterprising Services Revenue	-	22,070
Earnings from Temporary Deposits	480	-
Contributions, Gifts and Donations	2,750	-
Total Additions	3,230	116,138
<b>DEDUCTIONS:</b>		
Professional and Contracted Services	-	3,355
Supplies and Materials	9	86,060
Other Deductions	3,250	21,932
Total Deductions	3,259	111,347
Change in Fiduciary Net Position	(29)	4,791
Total Net Position - September 1 (Beginning)	61,566	-
Prior Period Adjustment	-	92,156
Total Net Position - August 31 (Ending)	\$ 61,537	\$ 96,947

The notes to the financial statements are an integral part of this statement.

BLUM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Blum Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

*Other Post-Employment Benefits (OPEB).* 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.

The District applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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, that is, when they are both measurable and available. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Custodial Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Fiduciary Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund.** The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** - The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund type(s):

Governmental Funds:

4. **Special Revenue Funds.** The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

5. **Private Purpose Trust Funds.** The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the "Angie Tubbs Scholarship Fund."
6. **Custodial Funds.** The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the "Blum Student Activity Fund."

#### **E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Asset:</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5-10
Equipment	5-10
Infrastructure	20-40

6. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's board. Assignments of fund balance are amounts set aside by the District's superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 308,807
Deferred charges related to TRS OPEB	\$ 156,228



10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 253,363
Deferred charges related to TRS OPEB	\$ 848,624

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other reports are in Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. (However, none of these were significant.)
4. Each budget 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.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the year, the District had the following functional categories that exceeded its final amended budget by more than \$2,500:

Functional Category	Amount Over Budget	Explanation
None.		

**C. DEFICIT FUND EQUITY**

None.

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. The District was not exposed to custodial credit risk.

Foreign Currency Risk. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by having no deposits denominated in a foreign currency. Therefore, the District was not exposed to foreign currency risk.

As of August 31, 2021, the following are the District's cash, cash equivalents and investments (including it's student activity and private purpose trust fund) with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Cash:						
Money market and FDIC insured accounts	\$ 6,334,511	100%	\$ 6,334,511			N/A
Petty Cash	200	0%	200			N/A
Total Cash and Cash Equivalents	<u>\$ 6,334,711</u>	<u>100%</u>	<u>\$ 6,334,711</u>			

##### Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act**(Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds or mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2021, all investments were rated A-1 or greater. Therefore, the District was not exposed to credit risk.

Custodial Credit Risk for Investments. To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent. The District was not exposed to custodial credit risk.

Concentration of Credit Risk. To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was not exposed to interest rate risk.

Foreign Currency Risk for Investments. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

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

At August 31, 2021, the District had no investments.

**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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 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.

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General Fund is based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of August 31, 2021 is as follows:

Fund	Receivable	Payable	Purpose	Current?
General fund	\$ 29,667		Temporary advances	Yes
Debt service fund		4,863	Temporary advances	Yes
Nonmajor governmental funds		24,804	Temporary advances	Yes
Total	<u>\$ 29,667</u>	<u>\$ 29,667</u>		

Interfund transfers for the year ended August 31, 2021 consisted of the following individual amounts:

None.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2021 were as follows:

	Property Taxes (net)	Other Government	Total Receivables
Governmental Activities:			
General fund	\$ 70,115	\$ 317,216	\$ 387,331
Debt service fund	19,109		19,109
Nonmajor governmental funds		49,631	49,631
<b>Total Governmental Activities</b>	<b>\$ 89,224</b>	<b>\$ 366,847</b>	<b>\$ 456,071</b>

Payables at August 31, 2021 were as follows:

	Accounts	Salaries and Benefits	Other Governments	Total Payables
Governmental Activities:				
General fund	\$ 14,272	\$ 127,399		\$ 141,671
Debt service fund			219	219
Nonmajor governmental funds	1,097	17,260		18,357
<b>Total Governmental Activities</b>	<b>\$ 15,369</b>	<b>\$ 144,659</b>	<b>\$ 219</b>	<b>\$ 160,247</b>

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended August 31, 2021, was as follows:

	Balance 8/31/2020	Additions	Disposals	Balance 8/31/2021
Governmental activities:				
Land and improvements	\$ 61,292			\$ 61,292
Construction in progress	4,580,724	(4,580,724)		0
Buildings and improvements	6,987,534	4,559,302		11,546,836
Furniture and equipment	1,572,778	135,569		1,708,347
Infrastructure	451,161	1,076,196		1,527,357
<b>Totals</b>	<b>13,653,489</b>	<b>1,190,343</b>		<b>14,843,832</b>
Less accumulated depreciation for:				
Buildings and improvements	2,647,466	215,126		2,862,592
Furniture and equipment	887,016	130,306		1,017,322
Infrastructure	149,169	38,673		187,842
<b>Total accumulated depreciation</b>	<b>3,683,651</b>	<b>384,105</b>		<b>4,067,756</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 9,969,838</b>	<b>\$ 806,238</b>		<b>\$ 10,776,076</b>

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

Governmental activities:

11 - Instruction	\$ 176,436
12 - Instructional resources and media services	1,129
13 - Curriculum and instructional staff development	5,042
23 - School leadership	23,066
31 - Guidance, counseling and evaluation services	8,653
33 - Health services	5,291
34 - Student (pupil) transportation	63,412
35 - Food services	22,223
36 - Extracurricular activities	12,863
41 - General administration	26,721
51 - Facilities maintenance and operations	36,784
53 - Data processing services	2,485
Total depreciation expense - governmental activities	<u>\$ 384,105</u>

**G. BONDS AND LONG-TERM NOTES PAYABLE**

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/2020	Issued	Retired	Amounts Outstanding 8/31/2021
<b>Bonds Payable:</b>						
Unlimited tax refunding bonds, series 2016 (current interest)	2.00%-4.00%	\$ 2,055,000	\$ 1,320,000		\$ 145,000	\$ 1,175,000
Unlimited tax refunding bonds, series 2019 (current interest)	4.00%	\$ 5,495,000	5,260,000		220,000	5,040,000
Bond premium, series 2016	N/A	N/A	150,847		15,085	135,762
Bond premium, series 2019	N/A	N/A	619,677		44,395	575,282
<b>Capital Leases:</b>						
Caterpillar Financial	2.99%	\$ 51,883	0	51,883	1,633	50,250
Total Long-Term Debt			<u>\$ 7,350,524</u>	<u>\$ 51,883</u>	<u>\$ 426,113</u>	<u>\$ 6,976,294</u>

**Blum ISD Unlimited Tax Refunding Bonds, Series 2016 -**

On August 25, 2016, the District issued \$2,055,000 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$2,180,000 of unlimited tax school building bonds originally issued in 2007. Interest rates on the debt range from 2.0% - 4.0% and mature on August 15, 2030. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by \$5,386 which was reported as an expense. This advance refunding was undertaken to reduce total debt service payments over the life of the new issue versus the refunded issue and resulted in a gross debt service savings of \$283,415 and a net present value savings of \$255,906.

**Blum ISD Unlimited Tax School Building Bonds, Series 2019 -**

The bonds were issued on August 20, 2019 for the purpose of construction, acquisition and equipment of school facilities and to pay the costs associated with the issuance of the bonds and were issued in accordance with Texas law. The original issue was for \$5,495,000, maturing in various amounts, with interest rates of 4.00% and maturing on August 15, 2034. Bonds due on or after August 15, 2027 are callable at par on August 15, 2026 or any date thereafter. The bonds were issued at a net premium of \$665,922 which is being amortized over the life of the bonds.

## H. DEBT SERVICE REQUIREMENTS - BONDS AND LONG-TERM NOTES PAYABLE

Future debt service requirements are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2022	\$ 380,000	\$ 242,450	\$ 622,450
2023	395,000	228,700	623,700
2024	405,000	214,400	619,400
2025	420,000	199,800	619,800
2026	435,000	184,600	619,600
2027-31	2,455,000	647,200	3,102,200
2032-34	1,725,000	140,000	1,865,000
Totals	<u>\$ 6,215,000</u>	<u>\$ 1,857,150</u>	<u>\$ 8,072,150</u>

### Capital Leases

The Public Property Finance Act gives the District authority to enter into capital leases for the acquisition of personal property. Current principal and interest requirements are recorded in the applicable fund. Commitments under capitalized lease agreements for facilities and equipment provide minimum future rental payments as of August 31, 2021 as follows:

Year Ending August 31,	Amount
2022	\$ 11,184
2023	11,184
2024	11,184
2025	11,184
2026	9,292
Less: incremental borrowing rate of interest	(3,778)
Present value of minimum lease payments	<u>\$ 50,250</u>

The imputed interest rates on the capital lease is 2.99%. Lease payments made during the year totaled \$1,864 with \$1,633 applied to principal and imputed interest totaling \$231.

## I. DEFINED BENEFIT PENSION PLAN

**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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position.** Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(165,416,245,243)
Net Pension Liability	<u>\$ 53,557,959,841</u>

Net Position as a percentage of Total Pension Liability 75.54%

**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 (A) above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2020 and 2021.

Contribution Rates		
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Current fiscal year District contributions	\$ 57,360
Current fiscal year Member contributions	\$ 184,656
2020 measurement year NECE contributions	\$ 158,482

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source.

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

- 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.
- When a school district does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees, and 100% of the state contribution rate for all other employees.

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2019. For a full description of these assumptions, please see the TRS CAFR and actuarial valuation report dated November 14, 2019.

**Discount Rate.** The single discount rate used to measure the total pension liability was 7.25%. This was a change in the discount rate from the previous year of 0.00%. 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 set during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, 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 7.33%. 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 Systems target asset allocation as of August 31, 2020 are summarized below:



Asset Class	Target Allocation <sup>1</sup> %	Long-Term Expected Geometric Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
Government Bonds	16%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0%	1.8%	0.00%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Estate	15%	4.6%	1.02%
Energy, Natural Resources and Infrastructure	6%	6.0%	0.42%
Commodities	0%	0.8%	0.00%
Risk Parity			
Risk Parity	8%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag <sup>3</sup>			-0.67%
Expected Return	<u>100%</u>		<u>7.33%</u>

<sup>1</sup> Target allocations are based on the FY2020 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability.

	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	\$ 1,150,664	\$ 746,224	\$ 417,625

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2021, the District reported a liability of \$746,224 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:.

District's proportionate share of the collective net pension liability	\$ 746,224
State's proportionate share that is associated with the District	2,057,185
Total	<u>\$ 2,803,409</u>

The net pension liability was measured as of August 31, 2020 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, 2019 thru August 31, 2020.

At August 31, 2020 the District's proportion of the collective net pension liability was 0.0013933015% which was a decrease of 0.0004334927% from its proportion measured as of August 31, 2019.

**Changes Since the Prior Actuarial Valuation.** Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period are as follows:

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

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

For the year ended August 31, 2021, the District recognized pension expense of \$367,718 and revenue of \$247,434 for support provided by the Sate in the Government-Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 1,363	\$ 20,825
Changes in actuarial assumptions	173,150	73,622
Differences between projected and actual investment earnings	15,106	
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	61,828	158,916
Total as of August 31, 2020 measurement date	\$ 251,447	\$ 253,363
Contributions paid to TRS subsequent to the measurement date	57,360	
Total as of August 31, 2021 fiscal year end	<u>\$ 308,807</u>	<u>\$ 253,363</u>

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

Fiscal year ended August 31,	Amount
2022	\$ 30,277
2023	\$ 17,702
2024	\$ 11,421
2025	\$ (15,641)
2026	\$ (36,578)
Thereafter	\$ (9,097)

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 40,010,833,815
Less: plan fiduciary net position	(1,996,317,932)
Net OPEB liability	<u>\$ 38,014,515,883</u>
Net position as a percentage of total OPEB liability	4.99%

**Benefits Provided.** TRS-Care provides a basic health insurance coverage at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86<sup>th</sup> Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86<sup>th</sup> legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The following premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 and are reflected in the following table.

TRS-Care Plan Premium Rates Effective January 1, 2018 - December 31, 2021		
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

**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 plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for the plan is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% 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. 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		
	2020	2021
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Current fiscal year District contributions	\$ 19,159
Current fiscal year member contributions	\$ 15,588
2020 measurement year NECE contributions	\$ 26,386

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86<sup>th</sup> Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

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

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

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

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**Discount Rate.** A single discount rate of 2.33% was used to measure the total OPEB liability. There was a change of (0.30%) 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 source of the municipal bond rate was 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of the Net OPEB Liability:**

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 1,178,499	\$ 982,085	\$ 826,945

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 802,237	\$ 982,085	\$ 1,221,616

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2021, the District reported a liability of \$982,085 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 982,085
State's proportionate share that is associated with the District	1,319,686
Total	<u>\$ 2,301,771</u>

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0025834467% which was a decrease of 0.0001935515% from its proportion measured as of August 31, 2019.

**Changes Since the Prior Actuarial Valuation.** The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. The discount rate changed from 3.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability (TOL).
2. The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
3. 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 TOL.

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

For the year ended August 31, 2021, the District recognized OPEB expense of (\$35,235) and revenue of (\$9,163) for support provided by the State.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 51,422	\$ 449,452
Changes in actuarial assumptions	60,574	269,686
Differences between projected and actual investment earnings	319	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	24,754	129,486
Total as of August 31, 2020 measurement date	\$ 137,069	\$ 848,624
Contributions paid to TRS subsequent to the measurement date	19,159	
Total as of August 31, 2021 fiscal year end	<u>\$ 156,228</u>	<u>\$ 848,624</u>

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

Fiscal year ended August 31,	Amount
2022	\$ (113,402)
2023	\$ (113,444)
2024	\$ (113,469)
2025	\$ (113,463)
2026	\$ (87,231)
Thereafter	\$ (170,546)

## K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

### Retiree Health Care Coverage

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2019 thru 2021. The contribution rate for the district was 0.75% for 2019 thru 2021. The contribution rate for active employees was 0.65% of the district payroll for 2019 thru 2021. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.25% for 2019 thru 2021.

**Contributions.** Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf to the District's employees as well as the District's required contributions and federal grant program contributions for the years ended August 31, 2021, 2020 and 2019 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2021	0.65%	\$ 15,588	1.25%	\$ 29,977	0.75%	\$ 17,986
2020	0.65%	\$ 15,853	1.25%	\$ 30,486	0.75%	\$ 18,292
2019	0.65%	\$ 15,362	1.25%	\$ 29,542	0.75%	\$ 17,726

*Medicare Part D.* The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2021, 2020 and 2019 were \$10,625, \$11,707 and \$9,092, respectively.

#### **Active Employee Health Care Coverage**

*Plan Description.* The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

#### **L. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable	\$ 6,580,000		\$ 365,000	\$ 6,215,000	\$ 380,000
Bond Premium	770,524		59,480	711,044	
Capital Lease Liability	0	51,883	1,633	50,250	9,815
Net Pension Liability	949,625		203,401	746,224	
Net OPEB liability	1,313,275		331,190	982,085	
Total	<u>\$ 9,613,424</u>	<u>\$ 51,883</u>	<u>\$ 960,704</u>	<u>\$ 8,704,603</u>	<u>\$ 389,815</u>

#### **M. UNAVAILABLE/UNEARNED REVENUE**

Unavailable and unearned revenue at year-end consisted of the following:

Fund	Unavailable Revenue (levied but uncollected property taxes)
General fund	\$ 70,115
Nonmajor governmental funds	19,109
Total	<u>\$ 89,224</u>

#### **N. DUE FROM STATE AND FEDERAL AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. They are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General fund	\$ 317,216		\$ 317,216
Nonmajor governmental funds	23,314	26,317	49,631
Net Total Receivables	<u>\$ 340,530</u>	<u>\$ 26,317</u>	<u>\$ 366,847</u>

**O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

Description	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,140,066	\$ 666,663		\$ 2,806,729
Penalties, interest and other tax-related income	40,597	8,989		49,586
Food sales	1,640		11,248	12,888
Investment income	57	4		61
Extracurricular student activities	11,821			11,821
Insurance recovery	9,495			9,495
Other income	45,801			45,801
Total	<u>\$ 2,249,477</u>	<u>\$ 675,656</u>	<u>\$ 11,248</u>	<u>\$ 2,936,381</u>

**P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND 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 related 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.

**Q. JOINT VENTURE SHARED SERVICE ARRANGEMENTS**

The District participates in various shared service arrangements with the Education Service Center Region 12. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Education Service Center Region 12 is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

**R. 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 the fiscal year 2021, the District purchased commercial insurance to cover general liabilities. Additional insurance information by coverage type follows.

Property Casualty Program

The District participated in the Texas Association of School Boards Risk Management Fund (the "Fund") with coverage in auto liability, auto physical damage, general liability, property and legal liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates the District has not additional liability beyond the contractual obligations for payment of contributions.



Workers' Compensation

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, The Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

Unemployment Compensation

During the year ended August 31, 2021, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's board of trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**S. GENERAL FUND FEDERAL SOURCE REVENUES**

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	Federal Assistance Listing #	Amount
School health and related services	N/A	\$ 128,952
Medicaid administrative claiming program	93.778	2,287
Elementary and secondary emergency relief - pre-award costs	84.425D	40,097
Elementary and secondary emergency relief - CRRSA Act - pre-award costs	84.425D	4,767
Coronavirus relief fund - pre-award costs	21.019	15,693
Total		<u>\$ 191,796</u>

**T. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 10, 2021; the date which the financial statements were available for distribution. There were none noted.

**U. PRIOR PERIOD ADJUSTMENTS**

The District implemented GASB Statement 84 during the current year under audit. Such implementation reclassified balances previously characterized as due to various other organizations in an agency fund. GASB Statement 84 caused those organizations to be re-evaluated as to classification and characterization of both custodial and special revenue fund types.

The prior period adjustment for the custodial fund relative to GASB 84 totaled \$92,156.

This page left intentionally blank.

*REQUIRED SUPPLEMENTARY INFORMATION*

This page left intentionally blank.

BLUM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 2,153,618	\$ 2,153,618	\$ 2,249,477	\$ 95,859
5800	State Program Revenues	2,891,602	2,891,602	2,907,757	16,155
5900	Federal Program Revenues	22,693	22,693	191,796	169,103
5020	Total Revenues	5,067,913	5,067,913	5,349,030	281,117
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	2,189,832	2,211,011	1,980,741	230,270
0012	Instructional Resources and Media Services	19,584	19,584	13,965	5,619
0013	Curriculum and Instructional Staff Development	4,800	4,800	800	4,000
0021	Instructional Leadership	34,189	34,498	34,287	211
0023	School Leadership	344,923	344,923	285,289	59,634
0031	Guidance, Counseling, and Evaluation Services	107,668	107,668	106,505	1,163
0033	Health Services	69,299	69,299	65,443	3,856
0034	Student (Pupil) Transportation	205,870	205,870	166,250	39,620
0036	Extracurricular Activities	140,625	167,121	159,089	8,032
0041	General Administration	337,877	338,116	330,498	7,618
0051	Facilities Maintenance and Operations	1,003,255	1,003,255	530,693	472,562
0053	Data Processing Services	28,436	32,793	30,738	2,055
Debt Service:					
0071	Principal on Long-Term Debt	-	1,633	1,633	-
0072	Interest on Long-Term Debt	-	231	231	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	382,434	588,800	9,017	579,783
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	75,432	75,432	19,618	55,814
0099	Other Intergovernmental Charges	80,278	83,180	83,180	-
6030	Total Expenditures	5,024,502	5,288,214	3,817,977	1,470,237
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	43,411	(220,301)	1,531,053	1,751,354
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	-	-	51,883	51,883
8911	Transfers Out (Use)	(43,411)	(43,411)	-	43,411
7080	Total Other Financing Sources (Uses)	(43,411)	(43,411)	51,883	95,294
1200	Net Change in Fund Balances	-	(263,712)	1,582,936	1,846,648
0100	Fund Balance - September 1 (Beginning)	4,547,617	4,547,617	4,547,617	-
3000	Fund Balance - August 31 (Ending)	\$ 4,547,617	\$ 4,283,905	\$ 6,130,553	\$ 1,846,648

BLUM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0013933015%	0.0018267942%	0.0017961574%	0.0017810980%	0.0017329120%	0.0017550000%	0.0007560000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 746,224	\$ 949,625	\$ 988,649	\$ 569,499	\$ 654,842	\$ 620,369	\$ 201,938
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	2,057,185	1,841,402	2,092,679	1,291,584	1,487,980	1,490,433	1,374,687
Total	<u>\$ 2,803,409</u>	<u>\$ 2,791,027</u>	<u>\$ 3,081,328</u>	<u>\$ 1,861,083</u>	<u>\$ 2,142,822</u>	<u>\$ 2,110,802</u>	<u>\$ 1,576,625</u>
District's Covered Payroll	\$ 2,438,886	\$ 2,363,382	\$ 2,348,461	\$ 2,334,121	\$ 2,185,571	\$ 2,155,472	\$ 2,176,807
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	30.60%	40.18%	42.10%	24.40%	29.96%	28.78%	9.28%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BLUM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 57,360	\$ 57,488	\$ 63,875	\$ 60,513	\$ 57,861	\$ 55,059	\$ 51,966
Contribution in Relation to the Contractually Required Contribution	(57,360)	(57,488)	(63,875)	(60,513)	(57,861)	(55,059)	(51,966)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,398,121	\$ 2,438,886	\$ 2,363,382	\$ 2,348,461	\$ 2,334,121	\$ 2,185,571	\$ 2,155,472
Contributions as a percentage of Covered Payroll	2.39%	2.36%	2.70%	2.58%	2.48%	2.52%	2.41%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BLUM INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0025834467%	0.0027769982%	0.0028208742%	0.0027607173%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 982,085	\$ 1,313,275	\$ 1,408,488	\$ 1,200,532
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>1,319,686</u>	<u>1,745,051</u>	<u>1,994,953</u>	<u>1,815,703</u>
Total	<u>\$ 2,301,771</u>	<u>\$ 3,058,326</u>	<u>\$ 3,403,441</u>	<u>\$ 3,016,235</u>
District's Covered Payroll	\$ 2,438,886	\$ 2,363,382	\$ 2,348,461	\$ 2,334,121
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	40.27%	55.57%	59.97%	51.43%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



BLUM INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 19,159	\$ 19,636	\$ 19,709	\$ 19,460
Contribution in Relation to the Contractually Required Contribution	<u>(19,159)</u>	<u>(19,636)</u>	<u>(19,709)</u>	<u>(19,460)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,398,121	\$ 2,438,886	\$ 2,363,382	\$ 2,348,461
Contributions as a percentage of Covered Payroll	0.80%	0.81%	0.83%	0.83%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BLUM INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2021

Budget

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

- a. Prior to August 20 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

*Changes of benefit terms.*

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

*Changes of assumptions.*

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

See Footnote J page 36 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

*COMBINING SCHEDULES*

BLUM INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 546	\$ -	\$ 527	\$ 776
1240 Due from Other Governments	2,973	3,159	14,908	134
1000 Total Assets	<u>\$ 3,519</u>	<u>\$ 3,159</u>	<u>\$ 15,435</u>	<u>\$ 910</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ 1,097	\$ -
2160 Accrued Wages Payable	3,168	817	5,904	819
2170 Due to Other Funds	-	2,285	-	-
2200 Accrued Expenditures	351	57	115	91
2000 Total Liabilities	<u>3,519</u>	<u>3,159</u>	<u>7,116</u>	<u>910</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	8,319	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>8,319</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,519</u>	<u>\$ 3,159</u>	<u>\$ 15,435</u>	<u>\$ 910</u>

270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 ESSER II - CRRSA Act	282 ESSER III - American Rescue Plan	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,849
-	-	-	4,276	867	23,314	-	49,631
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,276</u>	<u>\$ 867</u>	<u>\$ 23,314</u>	<u>\$ -</u>	<u>\$ 51,480</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,097
-	-	-	3,733	661	1,373	-	16,475
-	-	-	472	133	21,914	-	24,804
-	-	-	71	73	27	-	785
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,276</u>	<u>867</u>	<u>23,314</u>	<u>-</u>	<u>43,161</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,319</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,319</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,276</u>	<u>\$ 867</u>	<u>\$ 23,314</u>	<u>\$ -</u>	<u>\$ 51,480</u>

BLUM INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 11,248	\$ -
5800 State Program Revenues	-	-	7,326	-
5900 Federal Program Revenues	47,169	67,246	277,647	8,795
5020 Total Revenues	47,169	67,246	296,221	8,795
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	47,169	66,724	-	8,795
0013 Curriculum and Instructional Staff Development	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	522	-	-
0035 Food Services	-	-	287,902	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	47,169	67,246	287,902	8,795
1200 Net Change in Fund Balance	-	-	8,319	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 8,319	\$ -

270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 ESSER II - CRRSA Act	282 ESSER III - American Rescue Plan	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11,248
-	-	-	-	-	43,597	25,000	75,923
61,558	18,239	2,940	4,276	9,740	-	-	497,610
61,558	18,239	2,940	4,276	9,740	43,597	25,000	584,781
-	18,239	2,940	4,276	9,740	43,597	-	201,480
61,558	-	-	-	-	-	-	61,558
-	-	-	-	-	-	-	522
-	-	-	-	-	-	-	287,902
-	-	-	-	-	-	25,000	25,000
61,558	18,239	2,940	4,276	9,740	43,597	25,000	576,462
-	-	-	-	-	-	-	8,319
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,319

This page left intentionally blank.



*REQUIRED TEA SCHEDULES*

BLUM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.205800	118,972,895
2014	1.170000	0.228800	105,924,310
2015	1.170000	0.230360	111,344,980
2016	1.170000	0.180400	118,045,468
2017	1.170000	0.216760	122,450,867
2018	1.170000	0.191900	138,821,403
2019	1.170000	0.171600	154,950,962
2020	1.068300	0.273200	193,166,570
2021 (School year under audit)	1.020900	0.320600	208,477,996
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 10,453	\$ -	\$ 98	\$ 8	\$ -	\$ 10,347
1,716	-	15	3	-	1,698
2,680	-	284	56	-	2,340
4,269	-	705	139	-	3,425
3,743	-	823	127	-	2,793
5,169	-	893	165	(1)	4,110
16,301	-	9,834	1,613	-	4,854
27,678	-	16,623	2,438	(671)	7,946
58,265	-	31,819	8,137	(1,143)	17,166
-	2,796,732	2,078,972	653,977	(4,087)	59,696
<u>\$ 130,274</u>	<u>\$ 2,796,732</u>	<u>\$ 2,140,066</u>	<u>\$ 666,663</u>	<u>\$ (5,902)</u>	<u>\$ 114,375</u>

BLUM INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 55,425	\$ 55,425	\$ 11,248	\$ (44,177)
5800 State Program Revenues	7,562	7,562	7,326	(236)
5900 Federal Program Revenues	167,000	167,000	277,647	110,647
5020 Total Revenues	<u>229,987</u>	<u>229,987</u>	<u>296,221</u>	<u>66,234</u>
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	273,398	293,398	287,902	5,496
6030 Total Expenditures	<u>273,398</u>	<u>293,398</u>	<u>287,902</u>	<u>5,496</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,411)	(63,411)	8,319	71,730
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	43,411	43,411	-	(43,411)
1200 Net Change in Fund Balances	-	(20,000)	8,319	28,319
0100 Fund Balance - September 1 (Beginning)	<u>8,319</u>	<u>8,319</u>	<u>-</u>	<u>(8,319)</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 8,319</u>	<u>\$ (11,681)</u>	<u>\$ 8,319</u>	<u>\$ 20,000</u>

BLUM INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 639,668	\$ 639,668	\$ 675,656	\$ 35,988
5800 State Program Revenues	4,125	4,125	3,964	(161)
5020 Total Revenues	643,793	643,793	679,620	35,827
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	365,000	365,000	365,000	-
0072 Interest on Long-Term Debt	255,600	255,600	255,600	-
0073 Bond Issuance Cost and Fees	500	500	497	3
6030 Total Expenditures	621,100	621,100	621,097	3
1200 Net Change in Fund Balances	22,693	22,693	58,523	35,830
0100 Fund Balance - September 1 (Beginning)	119,063	119,063	119,063	-
3000 Fund Balance - August 31 (Ending)	\$ 141,756	\$ 141,756	\$ 177,586	\$ 35,830

## STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Blum Independent School District

Fiscal Year 2021

**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	324555
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	300377

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	4038
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	3452

*OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION*

This page left intentionally blank.



## Independent Auditor's Report

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENTAL AUDITING STANDARDS*

Board of Trustees  
Blum Independent School District  
P.O. Box 520  
Blum, Texas 76627

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blum Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated November 10, 2021.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

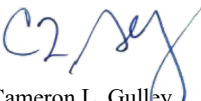
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blum Independent School District's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 10, 2021

This page left intentionally blank.

BLUM INDEPENDENT SCHOOL DISTRICT  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

Finding	Statement of Condition	Material Weakness?	Questioned Costs
	None.		

This page left intentionally blank.

BLUM INDEPENDENT SCHOOL DISTRICT  
*SCHEDULE OF FINDINGS AND RESPONSES*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

I. Summary of Auditor's Results

A. Financial Statements

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

B. Federal Awards

Not applicable.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None.

III. Findings and Questioned Costs for Federal Awards

N/A.

BLUM INDEPENDENT SCHOOL DISTRICT  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2021*

None required.

SCHOOLS FIRST QUESTIONNAIRE

Blum Independent School District

Fiscal Year 2021

---

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?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	