

**PREMONT INDEPENDENT  
SCHOOL DISTRICT**

**Annual Financial Report  
For the Year Ended August 31, 2021**

**ERNEST R. GARZA & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**Authorized Contact:  
Ernest R. Garza, C.P.A.  
361-241-2452 Office  
800-241-1272 Office**



PREMONT INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	5
	Independent Auditors' Report	7
	Management's Discussion and Analysis	9
	 <b><u>Basic Financial Statements</u></b>	
	Government Wide Statements:	
A-1	Statement of Net Position	19
B-1	Statement of Activities	21
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	22
C-2	Reconciliation for C-1	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	26
C-4	Reconciliation for C-3	28
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position – Fiduciary Funds	29
E-2	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	30
	Notes to the Financial Statements	32
	 <b><u>Required Supplementary Information</u></b>	
G-1	Budgetary Comparison Schedule - General Fund	66
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	68
G-3	Schedule of District Contributions to TRS	70
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability	72
G-5	Schedule of the District Contributions for Other Post Employment Benefits	73
	Note to Required Supplementary Information	74
	 <b><u>Combining Schedules</u></b>	
	Non-major Governmental Funds:	
H-1	Combining Balance Sheet	78
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
	 <b><u>Required TEA Schedules</u></b>	
J-1	Schedule of Delinquent Taxes	86
J-2	Budgetary Comparison Schedule - Child Nutrition Fund	88
J-3	Budgetary Comparison Schedule - Debt Service Fund	89
J-4	State Compensatory Education and Bilingual Education Program Expenditures	90

THIS PAGE LEFT BLANK INTENTIONALLY

TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<b><u>Federal Awards Section</u></b>	
	Report on Compliance and Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93
	Summary Schedule of Prior Audit Findings	95
	Schedule of Findings and Questioned Costs	96
	Corrective Action Plan	98
	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance	99
K-1	Schedule of Expenditures of Federal Awards	101
	Notes to Schedule of Expenditures of Federal Awards	103
L-1	Schools First Questionnaire	104

THIS PAGE LEFT BLANK INTENTIONALLY

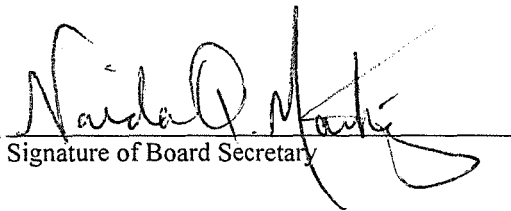
CERTIFICATE OF BOARD

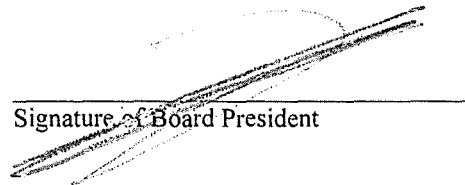
Premont Independent School District  
Name of School District

Jim Wells  
County

125-905  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 13th day of December 2021.

  
Signature of Board Secretary

  
Signature of Board President

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

THIS PAGE LEFT BLANK INTENTIONALLY



**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272

MEMBER  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

## **Independent Auditor's Report**

Premont Independent School District  
439 SW 4th Street  
Premont, Texas 78384

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Premont Independent School 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***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Premont 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 accounting 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*, *budgetary comparison information* on pages 9-16, 66 and the Teachers' Retirement System of Texas pension and OPEB schedules on pages 68-73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Premont Independent School District's basic financial statements. The *combining and individual non-major fund financial statements and schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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.


The combining schedules, required TEA schedules, and the schedule of expenditures of federal awards 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 our opinion, the combining schedules, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulation of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of Premont Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Premont Independent School District's internal control over financial reporting and compliance.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
December 8, 2021



Management's Discussion and Analysis  
Premont Independent School District

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Premont Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read this in conjunction with the independent auditors' report on page 7, and the District's Basic Financial Statements that begin on page 19.

**FINANCIAL HIGHLIGHTS**

- The District's total fund balances increased by \$5,194,351. This compares to last year when the District's total fund balance decreased by \$(1,572,363).
- During the year, the District's General Fund had expenditures of \$7,350,991 and transfers out of \$750,213 which is \$1,524,491 less than the \$9,625,695 generated in tax, transfers and other revenues for governmental programs. This compares to last year when revenues exceeded expenditures by \$30,022.
- At August 31, 2021 the District's Ending Net Position was \$2,019,453 that resulted from a current year Change in Net Position net increase of \$2,385,207 after operations.
- At August 31, 2021 the District had a total Governmental Fund Balances of \$9,411,410 that includes a General Fund balance of \$4,565,717.

**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 19 through 21). 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 22) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district. The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major 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 19. 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 tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program 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 non-financial 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 kind of activities:

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

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

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

The fund financial statements begin on page 22 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 ESSA – Every Student Succeeds 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).

Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and 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 on page 29. 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**

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.

Net position of the District's governmental activities increased \$2,385,207 from (\$365,754) to \$2,019,453. 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 \$(3,991,382) to \$(2,335,696). Current and other assets increased by \$5,419,150. Capital assets increased by \$829,491 due to asset additions. Long-term liabilities increased by \$3,632,331 due to the addition of new bonds and the effects of principal retired on outstanding debt. Other liabilities decreased by \$461,923 due to operational expending. Deferred resource outflows related to TRS net pension and OPEB liabilities increased by \$276,351 and deferred inflows of resource related to TRS net pension and OPEB liabilities increased by \$375,016.

The District's total revenues were \$1,149,658 less than last year. Operating grants and contributions were lower by \$131,924 due primarily to the effects of operations. Charges for services were lower by \$55,828 due to decrease of tuition fees from other districts. A slight decrease in tax revenues of \$647,011 were due to the overall stable tax rates. State revenues increased by \$894,820 due to higher student mandated programs (primarily in career and technology classes).

**Table I**  
**PREMONT INDEPENDENT SCHOOL DISTRICT**

**NET POSITION**

	<b>Governmental Activities</b>		Variance
	<b>2021</b>	<b>2020</b>	<b>Increase/ Decrease</b>
<b>ASSETS</b>			
Current and Other Assets	10,534,676	5,115,526	5,419,150
Capital Assets	15,982,022	15,152,531	829,491
Total Assets	26,516,698	20,268,057	6,248,641
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Resource Related to OPEB	524,702	587,645	(62,943)
Deferred Outflow Related to TRS	1,838,761	1,499,467	339,294
Total Deferred Outflows of Resources	2,363,463	2,087,112	276,351
<b>LIABILITIES</b>			
Long-term Liabilities	21,325,943	17,693,612	3,632,331
Other Liabilities	957,253	1,419,176	(461,923)
Total Liabilities	22,283,196	19,112,788	3,170,408
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Resource Inflow TRS OPEB	4,010,652	3,769,415	241,237
Deferred Inflow Related to TRS	566,860	433,081	133,779
Total Deferred Inflows of Resources	4,577,512	4,202,496	375,016
<b>NET POSITION</b>	26,860,708		
Net Invested in Capital Assets	(533,661)	2,524,476	(3,058,137)
Restricted	4,888,810	1,101,152	3,787,658
Unrestricted	(2,335,696)	(3,991,382)	1,655,686
Total Net Position	2,019,453	(365,754)	2,385,207

**Table II**  
**PREMONT INDEPENDENT SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

	Governmental Activities		Variance Favorable/ (Unfavorable)
	2021	2020	
Revenues:			
Program Revenues:			
Charges for Services	93,604	149,432	(55,828)
Operating Grants and Contributions	3,615,640	3,747,564	(131,924)
General Revenues:			
Maintenance and Operations Taxes	1,906,801	2,468,198	(561,397)
Debt Service Taxes	531,437	617,051	(85,614)
State Aid Formula Grants			-
Grants, Contributions not restricted to specific Functions	7,807,449	6,912,629	894,820
Investment Earnings	3,965	55,662	(51,697)
Miscellaneous	-	1,158,018	(1,158,018)
Total Revenue	13,958,896	15,108,554	(1,149,658)
Expenses:			
Instruction, curriculum and media services	5,580,829	4,815,369	(765,460)
Instructional/school leadership	1,541,557	1,956,272	414,715
Guidance, social work, health, transportation	716,247	1,240,515	524,268
Food Services	775,556	748,257	(27,299)
Co curricular activities	342,356	502,027	159,671
General administration	679,391	1,349,740	670,349
Plant Maintenance and Security	1,230,519	968,312	(262,207)
Data Processing	175,728	183,412	7,684
Community Services	5,516	683	(4,833)
Debt Service	458,756	463,290	4,534
Other activities	67,234	62,000	(5,234)
Total Expenses	11,573,689	12,289,877	716,188
Increase (decrease) in net position before transfers and special items	2,385,207	2,818,677	433,470
Transfers	-	-	-
Prior Period Adjustment (Note X)	-	-	-
Increase in Net Position	2,385,207	2,818,677	433,470
Net position at beginning	(365,754)	(3,184,431)	2,818,677
Net position at ending	2,019,453	(365,754)	2,385,207

The District took actions this year to compensate for some increases in cost and avoid the loss of state revenue due to changes in the provisions related to accelerated, intensive, compensatory education (State Comp Ed) and student attendance accounting (Leavers).

- The Premont Independent School District total tax rate for the 2020/2021 school year was \$1.4648 with \$1.011800 going to maintenance and operation (M&O) and \$.453000 for Debt Service (I&S) and the 2019/2020 school year was \$1.5219 with \$1.06835 going to maintenance and operation (M&O) and \$.4535 for Debt Service (I&S). For the 2020/2021 fiscal year the District decreased its tax rate to \$1.4648 with M&O \$1.011800 and the I & S to \$.4530.
- According to the Texas Education Agency, the District's Refined Average Daily Attendance for the 2020/2021 school year was 502.788 according to the LPE last updated at 11/12/2021, but the Near Final ADA was noted at 611.705, this is up slightly as compared to 2019/2020 school year which was 499.938 per LPE and the Final was 544.119.
- The District's total appraised property values for the years 2021, 2020 and 2019 were \$152,760,082, \$139,067,915 and \$138,902,493, respectively.

The cost of all governmental activities this year was \$11,573,689 compared to \$12,289,877 last year.

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 22-23) reported a combined fund balance of \$9,411,410, which is less than last year's total of \$4,217,059.

The District's General Fund balances of \$4,565,717 reported on pages 22 and 66 differs from the General Fund's budgetary fund balances of \$2,280,568 reported in the budgetary comparison schedule on page 66.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At the end of 2021, the District had \$35,843,386 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

##### Debt

At year-end, the District had \$16.52 million in bonds and loans outstanding versus \$12.63 million last year an increase of 30.79 percent.



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

The District's elected and appointed officials considered many factors when setting the fiscal-year 2020-2021 budget, tax rates. One of those factors is the economy. The City of Premont's population growth from 2010 to 2020 has been stable from 2,572 to 2,580 while Jim Wells County in that same time frame has had a slight decrease in population at 40,482 people. Unemployment in Jim Wells County has decreased its unemployment rate at 9.9% over 13.1% the last year. This compares with the State's current unemployment rate of 5.9% at August 2021. Premont unemployment rate is down to 12.9% from 14.0% in the prior year.

These indicators were taken into account when adopting the General Fund budget for 2021-2022. Amounts available for appropriations in the General Fund budget are \$9.525 million, an increase of 950 thousand over the final 2021 budget of 8.575 million. Property valuations for the 2020/2021 school year increased .21% to a total value of \$168,753,872 from the 2019/2020 values of \$139,067,915. This increase in property valuations, results in an adjustment to state revenues from the State Formula.

If these overall estimates are realized, the District's budgetary General Fund balance is expected to increase respectively by the close of 2021. The District continues to increase its surplus fund balance in the General Fund with the implemented stringent budget.

For history purposes, in July of 2011 the Texas Education Agency has decided to close the Premont Independent School District and combine Premont with another local school district, Premont Independent School District successfully received word from the Texas Education Agency that they would not be combined and would continue as an independent District. In addition, Former Commissioner of Education Michael L. Williams announced in May 2013 that he has approved a proposal presented to the Texas Education Agency in a memorandum of understanding that establishes an academic partnership between the Premont Independent School District and Texas A&M University-Kingsville.

This historic event of the Commissioner's approval meant Premont ISD – which faced closure by the state due to poor academic and financial performance over several years – will continue its operations and work to enhance its student academics. The district will work in collaboration with staff and resources provided by Texas A&M University-Kingsville to strengthen overall education efforts for its students.

During the 2019 fiscal year, the District ventured to participate in a Rural Schools Innovation Zone. The structure of the Rural Schools Innovation Zone will transform the rural school experience and serve as a national and state model for excellence and opportunity. The Rural Schools Innovation Zone (RSIZ) will be made up of three founding members: Brooks County ISD, Freer ISD and Premont ISD. The elected board of each member district will approve a performance contract with a new nonprofit managing entity to govern and operate the RSIZ, which will include each district's high school. This innovative shared governance model will allow for school-level autonomy and accountability while enabling collaboration and differentiation across the three high schools. The nonprofit entity's governing board will be made up of representatives from regional institutions of higher education, community-based organizations and partners, and participating districts. The RSIZ seeks to improve school performance and student achievement through increased school-level autonomy and flexibility in the following areas:

1. ***Governance through a Managing Organization:*** The RSIZ will be sustained via a nonprofit governance structure grounded in a formal performance contract.
2. ***Talent management:*** The economies of scale available through the RSIZ will enable participant schools to collaborate in building strong educator and school leader talent pipelines, high-quality professional development, and the strategic compensation and career pathway opportunities that will improve retention.
3. ***Budgetary allocations:*** RSIZ schools will have more flexibility to spend their budgets in ways aligned to the RSIZ vision
4. ***School design:*** RSIZ schools will adopt ambitious designs focused on college and career success
5. ***Access to Multiple Pathways:*** RSIZ students will have access to differentiated programming and pathways across the three participating high schools, such that students from one RSIZ high school may enroll in a several-day-per-week pathway at another RSIZ high school or partner institution of higher education.
6. ***Schedule and calendar:*** RSIZ schools will be able to adapt their school schedules and calendars to match their differentiated school designs and allow for the aforementioned enrollment innovation
7. ***Selection of service providers:*** RSIZ schools may collaborate to share services across the Zone and/or leverage services from participating districts
8. ***Dual credit and other partnerships:*** RSIZ students will have access to expanded dual credit opportunities and regional partnerships with institutions of higher education

The RSIZ will offer high school students a rigorous academic experience through partnerships with regional institutions of higher education, including Texas A&M University Kingsville, Del Mar College, and Coastal Bend Community College by (1) sending its high school students to these Institutions of Higher Education for concurrent enrollment; (2) sharing personnel between the Institutions of Higher Education and the school districts for oversight and teaching of these high school students, and (3) sharing resources for instruction and intervention involving said high school students between the school districts and Institutions of Higher Education.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at the Premont I.S.D. administration offices.

## BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

PREMONT 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	\$ 751,125
1120 Current Investments	7,221,933
1220 Property Taxes - Delinquent	959,001
1230 Allowance for Uncollectible Taxes	(316,470)
1240 Due from Other Governments	1,877,402
1300 Inventories	2,667
1410 Prepayments	39,018
Capital Assets:	
1510 Land	269,921
1520 Buildings, Net	14,064,386
1530 Furniture and Equipment, Net	298,090
1580 Construction in Progress	1,349,625
1000 Total Assets	26,516,698
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	1,838,761
1706 Deferred Outflow Related to TRS OPEB	524,702
1700 Total Deferred Outflows of Resources	2,363,463
<b>LIABILITIES</b>	
2110 Accounts Payable	144,095
2150 Payroll Deductions and Withholdings	648
2160 Accrued Wages Payable	296,950
2190 Due to Student Groups	14,623
2200 Accrued Expenses	24,419
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	476,518
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	16,039,165
2540 Net Pension Liability (District's Share)	2,791,304
2545 Net OPEB Liability (District's Share)	2,495,474
2000 Total Liabilities	22,283,196
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	566,860
2606 Deferred Inflow Related to TRS OPEB	4,010,652
2600 Total Deferred Inflows of Resources	4,577,512
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	(533,661)
Restricted:	
3820 Restricted for Federal and State Programs	93,272
3850 Restricted for Debt Service	340,898
3860 Restricted for Capital Projects	4,407,194
3890 Restricted for Other Purposes	47,446
3900 Unrestricted	(2,335,696)
3000 Total Net Position	\$ 2,019,453

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			6 Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 5,145,200	\$ 11,959	\$ 1,782,152	\$ (3,351,089)
12 Instructional Resources and Media Services	261,653	-	2,440	(259,213)
13 Curriculum and Instructional Staff Development	173,975	-	172,527	(1,448)
21 Instructional Leadership	1,195,194	-	878,121	(317,073)
23 School Leadership	346,363	-	35,030	(311,333)
31 Guidance, Counseling, and Evaluation Services	163,215	-	-	(163,215)
33 Health Services	88,074	-	-	(88,074)
34 Student (Pupil) Transportation	464,958	-	-	(464,958)
35 Food Services	775,555	40,975	670,864	(63,716)
36 Extracurricular Activities	342,356	10,920	-	(331,436)
41 General Administration	679,391	-	30,900	(648,491)
51 Facilities Maintenance and Operations	1,140,328	29,750	7,374	(1,103,204)
52 Security and Monitoring Services	90,191	-	24,936	(65,255)
53 Data Processing Services	175,728	-	5,779	(169,949)
61 Community Services	5,517	-	5,517	-
72 Debt Service - Interest on Long-Term Debt	458,356	-	-	(458,356)
73 Debt Service - Bond Issuance Cost and Fees	400	-	-	(400)
99 Other Intergovernmental Charges	67,234	-	-	(67,234)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 11,573,688	\$ 93,604	\$ 3,615,640	(7,864,444)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,906,801
DT	Property Taxes, Levied for Debt Service			531,437
GC	Grants and Contributions not Restricted			7,807,448
IE	Investment Earnings			3,965
TR	Total General Revenues			10,249,651
CN	Change in Net Position			2,385,207
NB	Net Position - Beginning			(365,754)
NE	Net Position - Ending			\$ 2,019,453

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

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

Data Control Codes	10 General Fund	Title 1 - SIP Academy Fund	Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 678,816	\$ -	\$ 569
1120 Investments - Current	2,732,593	-	340,329
1220 Property Taxes - Delinquent	754,534	-	204,467
1230 Allowance for Uncollectible Taxes	(248,996)	-	(67,474)
1240 Due from Other Governments	1,501,499	-	-
1300 Inventories	-	-	-
1410 Prepayments	39,018	-	-
1000 Total Assets	<u>\$ 5,457,464</u>	<u>\$ -</u>	<u>\$ 477,891</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 93,102	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	648	-	-
2160 Accrued Wages Payable	257,164	-	-
2190 Due to Student Groups	14,623	-	-
2200 Accrued Expenditures	20,672	-	-
2000 Total Liabilities	<u>386,209</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	505,538	-	136,993
2600 Total Deferred Inflows of Resources	<u>505,538</u>	<u>-</u>	<u>136,993</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	39,018	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	340,898
Committed Fund Balance:			
3510 Construction	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	5,761	-	-
3600 Unassigned Fund Balance	4,520,938	-	-
3000 Total Fund Balances	<u>4,565,717</u>	<u>-</u>	<u>340,898</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,457,464</u>	<u>\$ -</u>	<u>\$ 477,891</u>

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



60 Capital Projects	Other Funds	Total Governmental Funds
\$ 201,858	\$ (130,118)	\$ 751,125
4,130,599	18,412	7,221,933
-	-	959,001
-	-	(316,470)
-	375,903	1,877,402
-	2,667	2,667
-	-	39,018
<u>\$ 4,332,457</u>	<u>\$ 266,864</u>	<u>\$ 10,534,676</u>
\$ -	\$ 50,993	\$ 144,095
-	-	648
-	39,786	296,950
-	-	14,623
-	3,747	24,419
<u>-</u>	<u>94,526</u>	<u>480,735</u>
-	-	642,531
<u>-</u>	<u>-</u>	<u>642,531</u>
-	2,667	2,667
-	-	39,018
-	93,272	93,272
-	-	340,898
4,332,457	74,737	4,407,194
-	1,662	7,423
-	-	4,520,938
<u>4,332,457</u>	<u>172,338</u>	<u>9,411,410</u>
<u>\$ 4,332,457</u>	<u>\$ 266,864</u>	<u>\$ 10,534,676</u>

THIS PAGE LEFT BLANK INTENTIONALLY

PREMONT 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>	<b>\$ 9,411,410</b>
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 \$34,435,766 and the accumulated depreciation was (\$19,283,235). 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 decrease net position.	2,524,476
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 2021 capital outlays and debt principal payments is to decrease net position.	(2,480,008)
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 TES included a deferred resource outflow in the amount of \$1,838,761, a deferred resource inflow in the amount of \$566,860, a net pension liability in the amount of \$2,791,304. This resulted in an increase (decrease) in net position of (\$1,519,403).	(1,519,403)
4 Included in the items related to debt is 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 \$524,702, a deferred resource inflow in the amount of \$4,010,652, a net OPEB liability in the amount of \$2,495,474. This resulted in an increase (decrease) in net position of (\$5,981,424).	(5,981,424)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(578,129)
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 bond sales as an increase in bonds payable, 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.	642,531
<b>19 Net Position of Governmental Activities</b>	<b>\$ 2,019,453</b>

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

PREMONT 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	Title I - SIP Academy Fund	Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,877,234	\$ -	\$ 738,060
5800 State Program Revenues	7,514,282	-	180,799
5900 Federal Program Revenues	234,179	1,357,181	-
5020 Total Revenues	9,625,695	1,357,181	918,859
EXPENDITURES:			
Current:			
0011 Instruction	3,535,274	384,523	-
0012 Instructional Resources and Media Services	4,364	-	-
0013 Curriculum and Instructional Staff Development	1,448	116,950	-
0021 Instructional Leadership	245,560	833,510	-
0023 School Leadership	314,895	22,198	-
0031 Guidance, Counseling, and Evaluation Services	165,510	-	-
0033 Health Services	89,810	-	-
0034 Student (Pupil) Transportation	465,078	-	-
0035 Food Services	29,692	-	-
0036 Extracurricular Activities	346,384	-	-
0041 General Administration	618,265	-	-
0051 Facilities Maintenance and Operations	1,042,493	-	-
0052 Security and Monitoring Services	65,255	-	-
0053 Data Processing Services	170,065	-	-
0061 Community Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Debt	153,092	-	245,000
0072 Interest on Long-Term Debt	36,572	-	421,784
0073 Bond Issuance Cost and Fees	-	-	400
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	67,234	-	-
6030 Total Expenditures	7,350,991	1,357,181	667,184
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,274,704	-	251,675
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	1,549
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(750,213)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(203,919)
7080 Total Other Financing Sources (Uses)	(750,213)	-	(202,370)
1200 Net Change in Fund Balances	1,524,491	-	49,305
0100 Fund Balance - September 1 (Beginning)	3,041,226	-	291,593
3000 Fund Balance - August 31 (Ending)	\$ 4,565,717	\$ -	\$ 340,898

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

	60 Capital Projects	Other Funds	Total Governmental Funds
\$	453	\$ 41,437	\$ 2,657,184
	-	175,406	7,870,487
	-	2,026,978	3,618,338
	453	2,243,821	14,146,009
	-	1,397,536	5,317,333
	-	2,439	6,803
	-	55,577	173,975
	-	44,611	1,123,681
	-	12,832	349,925
	-	-	165,510
	-	-	89,810
	-	-	465,078
	-	670,863	700,555
	-	-	346,384
	-	30,900	649,165
	-	7,374	1,049,867
	-	24,936	90,191
	-	5,779	175,844
	-	5,517	5,517
	-	-	398,092
	-	-	458,356
	-	-	400
	282,226	963,342	1,245,568
	-	-	67,234
	282,226	3,221,706	12,879,288
	(281,773)	(977,885)	1,266,721
	4,130,000	-	4,131,549
	-	750,213	750,213
	-	-	(750,213)
	-	-	(203,919)
	4,130,000	750,213	3,927,630
	3,848,227	(227,672)	5,194,351
	484,230	400,010	4,217,059
\$	4,332,457	\$ 172,338	\$ 9,411,410

PREMONT 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>	<b>\$ 5,194,351</b>
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 2021 capital outlays and debt principal payments is to decrease net position.	(2,121,918)
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.	(578,129)
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 bond sales, 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.	(218,946)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$234,608. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$205,031. 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 pension by \$348,069. The net result is an increase (decrease) in the change in net position of (\$318,492).	(318,492)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. This contribution made after the measurement date of the plan caused the change in ending net position to increase by \$61,158. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$49,355. 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 pension by (\$416,538). The net result is an increase (decrease) in the change in net position of \$428,341.	428,341
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,385,207</b>

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 145,860
Total Assets	<u>145,860</u>
LIABILITIES	
Payroll Deductions and Withholdings Payable	<u>57,867</u>
Total Liabilities	<u>57,867</u>
NET POSITION	
Restricted for Campus Activities	<u>87,993</u>
Total Net Position	<u><u>\$ 87,993</u></u>

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

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

	Total Custodial Funds
<b>ADDITIONS:</b>	
Received from Student Groups	\$ 112,645
Miscellaneous Additions	6,079,361
Total Additions	<u>6,192,006</u>
<b>DEDUCTIONS:</b>	
Payroll Costs	6,079,361
Other Deductions	101,100
Total Deductions	<u>6,180,461</u>
Change in Fiduciary Net Position	11,545
 Total Net Position - September 1 (Beginning)	 -
Prior Period Adjustment	<u>76,448</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 87,993</u></u>

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



## NOTES TO FINANCIAL STATEMENTS

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Premont 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 general purpose financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants; 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.

**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 Premont Independent School District non-fiduciary activities with most of the inter-fund 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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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.

Inter-fund activities between governmental funds appear as due to/due from 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 inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from 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 non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. All other revenues and expenses are non-operating.

**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 un-matured 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. The District considers all revenues available if they are collectible within 60 days after year end.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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 sometimes 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. Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

#### **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.

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

Governmental Funds:

1. **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.
2. **Debt Service Funds** – 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 Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Proprietary Funds:

The District does not maintain any proprietary funds.

Fiduciary Funds:

- 1 Custodial Funds** – The District accounts for resources held for others in a custodial capacity in fiduciary funds. The District's Custodial Funds are the student activity account and the scholarship fund.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary and similar fund-types, 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 deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.
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 position. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Infrastructure	30
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole. The District had no internal service funds.
7. District's Non-spendable, Restricted, Committed and/or Assigned Fund Balances in the fund financial statements. In the fund financial statements, governmental funds report fund balance as non-spendable 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.
8. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
9. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
10. 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:

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Deferred charges related to TRS retirement	\$ 1,838,761
Deferred charges related to TRS OPEB	\$ 524,702

11. 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	\$ 566,860
Deferred charges related to TRS OPEB	\$ 4,010,652

12. 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 State-wide database for policy development and funding plans.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR E0NDED AUGUST 31, 2021

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	269,921	-	269,921	
Buildings	32,306,488	17,719,702	14,586,786	
Furniture & Equipment	1,859,357	1,563,533	295,824	
Capital Leases	-	-	-	
Construction in Progress	-	-	-	
Change in Net Position	34,435,766	19,283,235		15,152,531
<b>Long-term Liabilities</b>				
<b>at the Beginning of the year</b>				
Bonds and Loans Payable	12,628,055			
Deferred Amounts	-			
Change in Net Position				12,628,055
				-

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as an increase in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<b>Current Year Capital Outlay</b>			
Land	-	-	-
Buildings & Improvements	-	-	-
Furniture & Equipment	57,995	57,995	57,995
Construction in Progress	1,349,625	1,349,625	1,349,625
Total Capital Outlay		1,407,620	1,407,620
<b>Debt Principal Payments</b>			
Bond Principal	(3,790,000)	(3,790,000)	(3,790,000)
Loan Principal	152,968	152,968	152,968
Premium	(250,596)	(250,596)	(250,596)
Pension Liability	(703,169)	(703,169)	(703,169)
OPEB Pension Liability	702,062	702,062	702,062
Total Principal Payments		(3,888,735)	(3,888,735)
Total Adjustment to Net Position		5,296,355	5,296,355



PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Adjustments to		Adjustments
	Change in Net		to Net
	Amount	Position	Position
<b><u>Adjustments to Revenue and Unavailable Revenue</u></b>			
Taxes Collected from Prior Year Levies	94,560	94,560	94,560
Uncollected taxes(assumed collectible) from Current Year Levy			
Uncollected Taxes (assumed collectible) from Prior Year Levy			
Other - GASB 68	-	-	-
Total		94,560	94,560

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund, which is included within 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 and the other two reports are in Exhibit J2 and J3.

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. There were significant budget amendments passed during the 2020-2021 school year.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2021 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	95,939
Non-appropriated Budget Funds	-
All Special Revenue Funds	<u>95,939</u>

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Interest on Long Term Debt	6,365
Payment to Bond Refunding Escrow Agent	203,919
	-
	-

**C. DEFICIT FUND EQUITY**

None

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

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$751,125, TexPool balances of \$7,221,933 and the bank balances was \$7,981,164. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$3,000,938.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,395,708 and occurred during the month of September 2020.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$1,260,278.

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.

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. The District had no foreign currency risk.

As of August 31, 2021, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over Over 10 Years	Credit Rating
Cash	\$ 751,125	9.4%	\$ 751,125	\$ -	\$ -	N/A
Money markets and FDIC Insured Accounts	-	0.0%	-	-	-	
Investment Pools:						
TexPool	7,221,933	90.6%	7,221,933			AAAm
Total Investment Pools:						
Total Cash and Cash Equivalents	<u>\$ 7,973,058</u>	<u>1.00</u>	<u>\$ 7,973,058</u>	<u>\$ -</u>	<u>\$ -</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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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:

All investment pools utilized by the district meet the requirements of the Texas Public Funds Investment Act. Lone Star investment pool has been rated AAA by Standard & Poor's. Texas Term investment pool has been rated AAA by Standard & Poor's.

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 (list investments covered by the district's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top (or top 2 or 3) ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2021, all of the District's investments were rated AA+ by Standard & Poor's rating agency. 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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

*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 exposed to interest rate risk for its municipal bond investments. However, the District's intent is to hold the investments to maturity at which time the payout will be at par price regardless of interest rate market conditions. The District's belief that the current investment market conditions warrant a greater inherent risk to maintain the status quo by maintaining investments in shorter-termed maturity investment vehicles that offer little to no rate of return.

*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.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurement 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 measurement requires judgement and considers factors specific to each asset or liability.

As of August 31, 2021, the District had the following investments subject to the fair value measurement (The District had no investments.)

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level	Balance at August 31, 2021			
Debt Securities:				
U.S. Treasury Securities	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	-	-	-
Total Debt Securities	-	-	-	-
Equity Securities:				
(Describe)	-	-	-	-
Total Equity Securities	-	-	-	-
Venture Capital Investments:				
(Describe)	-	-	-	-
Total Venture Capital Investments	-	-	-	-
Total Investments by Fair Value Level	\$ -	\$ -	\$ -	\$ -
Mutual Funds Total				

## 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 February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. The assessed value of the roll on January 1, 2021 fiscal year was based, was \$168,753,872. The tax rates assessed for the year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.011800 and \$.453000 per \$100 valuation, respectively, for a total of \$1.464800 per \$100 valuation.

Current tax collections for the year ended August 31, 2021 were 92.00% of the year-end adjusted tax levy. 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 and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**D. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at August 31, 2021 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
General Fund:		
Food Service	-	-
Total General Fund	-	-
Special Revenue Fund:		
General Fund	-	-
Enterprise Fund:		
Agency Fund	-	-
Agency Funds:		
General Fund	-	-
Special Revenue Fund	-	-
Enterprise Fund	-	-
TOTAL	-	-

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2021, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	505,538	1,501,499	-	-	2,007,037
Major Governmental Funds	-	375,903	-	-	375,903
Nonmajor Governmental Funds	136,993	-	-	-	136,993
Total - Governmental Activities	642,531	1,877,402	-	-	2,519,933

Payables at August 31, 2021, were as follows:

	Accounts	Loans, Leases and Bonds Payable Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:							
General Fund	93,102	476,518	257,164	-	14,623	20,672	862,079
Major Gov. Fund #1	-	-	-	-	-	-	-
Nonmajor Gov. Funds	50,993	-	39,786	-	-	3,747	94,526
Total - Gov. Activities	144,095	476,518	296,950	-	14,623	24,419	956,605

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**F. CAPITAL ASSET ACTIVITY**

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

	Primary Government			
	Beginning			Ending
	Balance	Additions	Retirements	Balance
Governmental Activities:				
Land	269,921	-	-	269,921
Buildings and Improvements	32,306,488	-	-	32,306,488
Furniture and Equipment	600,377	-	-	600,377
Vehicles	1,258,980	57,995	-	1,316,975
Construction in Progress	-	1,349,625	-	1,349,625
Totals at Historic Cost	34,435,766	1,407,620	-	35,843,386
Less Accumulated Depreciation for:				
Buildings and Improvements	(17,719,702)	(522,400)	-	(18,242,102)
Furniture and Equipment	(410,457)	(32,033)	-	(442,490)
Vehicles	(1,153,076)	(23,696)	-	(1,176,772)
Infrastructure	-	-	-	-
Total Accumulated Depreciation	(19,283,235)	(578,129)	-	(19,861,364)
Governmental Activities Capital Assets, Net	15,152,531	829,491	-	15,982,022

Depreciation expense was charged to governmental functions as follows:		
Instruction	277,503	
Library	11,563	
Student (Pupil) Transportation	104,063	
Co curricular/Extracurricular Activity	34,688	
Food Service	63,593	
General Administration	28,907	
Maintenance	57,812	
Total Depreciation Expense	578,129	

**G. SHORT TERM DEBT PAYABLE**

None



PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**H. 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	Amounts	Interest	Payable			
	Rate	Original	Current	Amounts			Outstanding
	Payable	Issue	Year	Outstanding	Issued	Retired	8/31/21
Bonds Ref. 2017, mat. 8/15/2047	2.00 - 4.00%	11,775,000	415,419	11,065,000	-	245,000	10,820,000
Bonds Ref. 2021, mat. 08/15/2051	2.25-3.00%	4,035,000	9,447	-	4,035,000	-	4,035,000
<b>TOTAL</b>			<b>424,866</b>	<b>11,065,000</b>	<b>4,035,000</b>	<b>245,000</b>	<b>14,855,000</b>

Debt service requirements are as follows:

Year Ended	General Obligations		
	Principal	Interest	Total
August 31,			Requirements
2018	295,000	521,431	816,431
2019	315,000	512,581	827,581
2020	325,000	504,431	829,431
2021	330,000	495,694	825,694
2022	345,000	482,994	827,994
Thereafter	13,245,000	6,386,488	19,631,488
<b>Total</b>	<b>\$ 14,855,000</b>	<b>\$ 8,903,619</b>	<b>\$ 23,758,619</b>

On June 29, 2017, the District issued Unlimited Tax Refunding Bonds, Series 2017 totaling \$11,945,000 with an interest rate of 2.00 to 4.00% to provide for construction of a new facility for \$10,600,000 and to advance refund Unlimited School Building Tax Bonds, Series 2006. The net proceeds of \$1,390,000 (after payment of \$236,007 in issuance costs and interest of \$33,488) were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, \$1,390,000 of Unlimited School Building Tax Bonds, Series 2006 are considered to be defeased and the liability for those bonds have been removed from long-term debt. The District advance refunded the Unlimited School Building Tax Bonds, Series 2007 to reduce its total debt service payments over 20 years by \$117,145 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$106,806.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**I. COMMITMENTS UNDER LEASES**

The District had no commitments under operating (non-capitalized) lease agreements for facilities and equipment as of and for the year ending August 31, 2021.

**J. CAPITAL LEASES**

The District has immaterial commitments under capital leases for various equipment that are cancelable and extended on a monthly basis.

**K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

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 fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

**L. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Premont Independent School 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**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 2017.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit 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.

<b>Contribution Rates</b>		
<b>GASB 68 Pension contribution rates</b>	<b>2020</b>	<b>2021</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Premont ISD 2019/2020 Employer Contributions		\$ 234,608
Premont ISD 2019/2020 Member Contributions		\$ 334,626
Premont ISD 2019/2020 NECE On-Behalf Contributions		\$ 182,593

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).

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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 source or 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	2.33%
Salary Increases	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefits Changes during the year	None
Ad hoc post- employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2019.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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

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

The long-term rate of return on pension plan investments is 7.25%. 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	Long Term New Target Allocation	Long-Term Expected Geometric Real Rate of Return*
<b>Global Equity</b>			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
<b>Stable Value</b>			
U.S. Treasuries	16.00%	-0.70%	-0.05%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
<b>Real Return</b>			
Global Inflation Linked Bonds	0.00%	4.60%	1.02%
Real Assets	15.00%	6.00%	0.42%
Energy and Natural Resources	6.00%	0.80%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.00%	3.00%	0.30%
Cash	2.00%	-1.50%	-0.03%
Asset allocation Leverage	-6.00%	-1.50%	0.08%
Inflation Expectation			2.00%
Volatility Drag			-0.67%
<b>Total</b>	<b>100%</b>	<b>35.70%</b>	<b>7.33%</b>

\*The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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

	Discount Rate (6.25%)	(7.25%)	Discount Rate (8.25%)
PISD's proportionate share of the net pension liability:	\$ 4,304,141	\$ 2,791,304	\$ 1,562,157

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2021, Premont Independent School District reported a liability of \$2,791,304 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Premont Independent School District. The amount recognized by Premont Independent School 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 Premont Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 2,791,304
State's proportionate share that is associated with the District	2,370,158
Total	<u>\$ 5,161,462</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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was .0052117445% which was increase (decrease) of .0011947971% from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, Premont Independent School District recognized pension expense of \$838,177 and revenue of \$285,077 for support provided by the State.

At August 31, 2021, Premont Independent School 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:

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,097	\$ 77,898
Changes in actuarial assumptions	647,682	275,390
Difference between projected and actual investment earnings	56,507	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	894,867	213,572
Total as of August 31, 2020 measurement date	1,604,153	566,860
Contributions paid to TRS subsequent to the measurement date	234,608	-
Total as of fiscal year-end	\$ 1,838,761	\$ 566,860

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

Year ended August 31:	Pension Expense Amount
2022	239,889
2023	315,269
2024	263,291
2025	126,030
2026	68,845
Thereafter	23,969

Long Term Liability Disclosure

	Beginning Balance	Additions	Retirements	End Balance
Net Pension Liability	\$2,088,135	\$918,207	\$215,038	\$2,791,304

**M. 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.

**Benefits Provided.** TRS-Care provides a basic health insurance coverage (TRS-Care 1), 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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare Parts A&B coverage.

TRS-Care Monthly for Retirees January 1, 2020 thru December 31, 2020		
	Medicare	Non-Medicare
Retiree*	135	200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

\*Or surviving spouse

**Contributions.** Contribution rates for 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 .75% 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		
GASB 75 OPEB contribution rates	2020	2021
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 61,158
Current fiscal year member contributions		\$ 28,248
2020 measurement year NECE on-behalf contributions		\$ 67,046



PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

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 for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (UMP).

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%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after 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 decrease of 0.30 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2020 using the fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% 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 the net OPEB liability:	\$ 2,994,563	\$ 2,495,474	\$ 2,101,265

**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 the net OPEB liability:	\$ 2,038,482	\$ 2,495,474	\$ 3,104,122

**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 \$2,495,474 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:

Discount's proportionate share of the collection net OPEB liability	\$ 2,495,474
State's proportionate share that is associated with the District	3,353,318
Total	<u>\$ 5,848,792</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.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0065645281% which was a decrease of -0.0001968404% 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:

The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.

- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$(390,467) and revenue of (\$23,284) 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 130,662	\$ 1,142,056
Changes in actuarial assumptions	153,919	685,270
Difference between projected and actual investment earnings	811	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	178,152	2,183,326
Total as of August 31, 2020 measurement date	463,544	4,010,652
Contributions paid to TRS subsequent of the measurement date	61,158	
Total as of August 31, 2021 fiscal year end	\$ 524,702	\$ 4,010,652

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

Year ended August 31:	Pension Expense Amount
2022	(588,545)
2023	(588,653)
2024	(588,717)
2025	(588,702)
2026	(522,046)
Thereafter	(670,445)

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Long Term Liability Disclosure

	Beginning Balance	Additions	Retirements	End Balance
Net Pension Liability	\$3,197,536	\$652,167	\$49,895	\$2,495,474

**N. HEALTH CARE COVERAGE**

*Employee Health Care Coverage*

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$233 per month per employee to the Plan and the State's contribution was \$75. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

*Medicare on Behalf Payments.*

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The on behalf payments for Premont Independent School District for 2021, 2020, and 2019 were \$18,831, \$17,637 and \$11,971 respectively.

**O. CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds (matures 8/15/2047), 2.00-4.00%	11,065,000	-	245,000	10,820,000	255,000
General Obligation Bonds (matures 8/15/2051), 2.25-3.00%	-	4,035,000	-	4,035,000	40,000
Total Bonds	11,065,000	4,035,000	245,000	14,855,000	295,000
Note - Series 2012-(matures 02-15-2022) 2.35%	125,000	-	62,000	63,000	63,000
Note - AP upgrades 2016-(matures 5-31-2024), .025%	116,702	-	30,968	85,734	31,170
Note - AP upgrades 2018-(matures 8/15/2032), 3.67%	888,000	-	60,000	828,000	62,000
Total Notes	1,129,702	-	152,968	976,734	156,170
Other Liabilities:					
Net Pension Liability - GASB 68	2,088,135	918,207	215,038	2,791,304	-
Net Pension Liability - GASB 72	3,197,536	(652,167)	49,895	2,495,474	-
Premiums	433,353	275,944	25,348	683,949	25,348
Total Other Liabilities - Pension/premiums	5,719,024	541,984	290,281	5,970,727	25,348
Total Governmental Activities Long-term Liabilities	17,913,726	4,576,984	688,249	21,802,461	476,518

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

The Bonds above amortizations total ending balance is: \$14,855,000. The following is the debt service requirements are as follows:

		Bond Obligations		
Year Ended				Total
August 31,		Principal	Interest	Requirements
2022		295,000	521,431	816,431
2023		315,000	512,581	827,581
2024		325,000	504,431	829,431
2025		330,000	495,694	825,694
2026		345,000	482,994	827,994
Thereafter		13,245,000	6,386,488	19,631,488
	Total	\$ 14,855,000	\$8,903,619	\$ 23,758,619

The Loans/Notes amortizations principal totals ending balance is: \$976,610. The following is the debt service requirements are as follows:

		Loan Obligations		
Year Ended				Total
August 31,		Principal	Interest	Requirements
2022		156,170	32,740	188,910
2023		95,248	29,541	124,789
2024		90,192	27,001	117,193
2025		69,000	24,384	93,384
2026		72,000	21,734	93,734
Thereafter		494,000	68,430	562,430
	Total	\$ 976,610	\$ 203,830	\$ 1,180,440

**P. UNEARNED REVENUE**

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
State & Federal Governments	\$ 505,538	\$ -	\$ 136,993	\$ 642,531
Total Unearned Revenue	\$ 505,538	\$ -	\$ 136,993	\$ 642,531

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**Q. DUE FROM STATE 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. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Total
General Fund	\$ 1,501,499	\$ -	\$ 1,501,499
Special Revenue	-	375,903	375,903
Total	<u>\$ 1,501,499</u>	<u>\$ 375,903</u>	<u>\$ 1,877,402</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Property Taxes	\$ 1,633,846	\$ -	\$ -	\$ 721,103	\$ 2,354,949
Penalties, Interest and Other Tax-related Income	58,537	-	-	16,377	74,914
Investment Income	2,471	93	453	580	3,597
Food Sales	-	40,975	-	-	40,975
Co-curricular Student Activities	10,919	-	-	-	10,919
Other	171,461	369	-	-	171,830
Total	<u>\$ 1,877,234</u>	<u>\$41,437</u>	<u>\$ 453</u>	<u>\$ 738,060</u>	<u>\$ 2,657,184</u>

**S. LITIGATION**

There is no pending litigation

**T. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

The District completed various projects during the fiscal year.

**U. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS**

The District was not a fiscal agent for a Shared Services Arrangement ("SSA") during the year.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

**V. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 8, 2021, the date which the financial statements were available to be issued. The District as well as the World economy has been fighting a pandemic Corona-Virus 19, this Virus has been a challenge for all communities. In the next fiscal year, we are hoping for a vaccine to combat this deadly virus.

**W. RELATED ORGANIZATIONS**

None

**X. PRIOR PERIOD ADJUSTMENT (PPA)**

None

**Y. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources at year end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Unavailable Property Tax Revenue	\$ 505,538	\$ -	\$ 136,993	\$ 642,531
State & Federal Governments	-	-	-	-
Total Unavailable Revenue	<u>\$ 505,538</u>	<u>\$ -</u>	<u>\$ 136,993</u>	<u>\$ 642,531</u>

**Z. FUND BALANCES**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees or state statute. Board of Trustees or a District official delegated that authority by the Board of Trustees.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**District Fund Balance Policy**

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong at the 25% general fund policy level.



PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2021

Fund Balance - GASB 54 Compliance

By a majority vote in a scheduled meeting of the Board of Trustees, the Board may commit fund balances and it may modify or rescind these commitments. The Board of Trustees may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

Fund Balance Classification	Amount
Non-spendable	
Inventories	\$ 2,667
Pre-paids	39,018
Restricted	
Change and Imprest Funds	-
Federal/State Grants	93,272
Retirement of Long Term Debt	340,898
Committed Fund Balances	
Construction	-
Assigned Fund Balances	
Other Assigned Construction	4,407,194
Other Assigned Fund Balance	5,761
Unassigned Fund Balance	4,522,600
Total Fund Balances	<u>\$ 9,411,410</u>

**AA. OTHER**

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

Statement No. 84, *Fiduciary Activities* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the District in fiscal year 2021.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classifies as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2022.

THIS PAGE LEFT BLANK INTENTIONALLY

#### REQUIRED SUPPLEMENTARY INFORMATION

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

PREMONT 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		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,860,697	\$ 1,860,697	\$ 1,877,234	\$ 16,537
5800 State Program Revenues	6,736,265	6,736,265	7,514,282	778,017
5900 Federal Program Revenues	89,000	89,000	234,179	145,179
5020 Total Revenues	8,685,962	8,685,962	9,625,695	939,733
EXPENDITURES:				
Current:				
0011 Instruction	4,161,790	4,161,790	3,535,274	626,516
0012 Instructional Resources and Media Services	5,602	5,602	4,364	1,238
0013 Curriculum and Instructional Staff Development	3,860	3,860	1,448	2,412
0021 Instructional Leadership	251,946	251,946	245,560	6,386
0023 School Leadership	314,959	314,959	314,895	64
0031 Guidance, Counseling, and Evaluation Services	168,997	168,997	165,510	3,487
0033 Health Services	90,229	90,229	89,810	419
0034 Student (Pupil) Transportation	684,003	684,003	465,078	218,925
0035 Food Services	30,000	30,000	29,692	308
0036 Extracurricular Activities	409,560	409,560	346,384	63,176
0041 General Administration	672,435	672,435	618,265	54,170
0051 Facilities Maintenance and Operations	1,334,083	1,334,083	1,042,493	291,590
0052 Security and Monitoring Services	95,029	95,029	65,255	29,774
0053 Data Processing Services	199,488	199,488	170,065	29,423
0061 Community Services	2,000	2,000	-	2,000
Debt Service:				
0071 Principal on Long-Term Debt	153,093	153,093	153,092	1
0072 Interest on Long-Term Debt	36,573	36,573	36,572	1
Intergovernmental:				
0099 Other Intergovernmental Charges	70,000	70,000	67,234	2,766
6030 Total Expenditures	8,683,647	8,683,647	7,350,991	1,332,656
1100 Excess of Revenues Over Expenditures	2,315	2,315	2,274,704	2,272,389
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(750,213)	(750,213)	(750,213)	-
1200 Net Change in Fund Balances	(747,898)	(747,898)	1,524,491	2,272,389
0100 Fund Balance - September 1 (Beginning)	3,028,466	3,028,466	3,041,226	12,760
3000 Fund Balance - August 31 (Ending)	\$ 2,280,568	\$ 2,280,568	\$ 4,565,717	\$ 2,285,149

THIS PAGE LEFT BLANK INTENTIONALLY

PREMONT 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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.005211744%	0.004016947%	0.003403105%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,791,304	\$ 2,088,135	\$ 1,873,152
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,370,158	1,741,212	1,974,713
Total	<u>\$ 5,161,462</u>	<u>\$ 3,829,347</u>	<u>\$ 3,847,865</u>
District's Covered Payroll	\$ 4,319,674	\$ 3,541,678	\$ 3,404,260
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	64.62%	58.96%	55.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2018		FY 2017		FY 2016		FY 2015	
Plan Year 2017		Plan Year 2016		Plan Year 2015		Plan Year 2014	
0.004514288%		0.00286562%		0.0022384%		0.0020849%	
\$	1,443,426	\$	1,082,875	\$	791,245	\$	556,905
1,335,025		1,730,765		1,646,824		1,498,874	
\$	2,778,451	\$	2,813,640	\$	2,438,069	\$	2,055,779
\$	3,256,081	\$	2,846,789	\$	2,688,812	\$	2,834,588
44.33%		38.04%		29.43%		19.65%	
82.17%		78.00%		78.43%		83.25%	

PREMONT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 234,608	\$ 205,031	\$ 140,598
Contribution in Relation to the Contractually Required Contribution	(234,608)	(205,031)	(140,598)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,345,791	\$ 4,319,674	\$ 3,541,678
Contributions as a Percentage of Covered Payroll	5.40%	4.75%	3.97%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.



2018		2017		2016		2015	
\$	115,066	\$	147,952	\$	91,048	\$	66,280
	(115,066)		(147,952)		(91,048)		(66,280)
\$	-	\$	-	\$	-	\$	-
\$	3,404,260	\$	3,256,081	\$	2,946,789	\$	2,688,812
	3.38%		4.54%		3.09%		2.47%

PREMONT 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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006564528%	0.006761368%	0.006393643%	0.011425442%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,495,474	\$ 3,197,536	\$ 3,192,405	\$ 4,968,496
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,353,318	4,248,807	2,139,840	2,105,443
Total	<u>\$ 5,848,792</u>	<u>\$ 7,446,343</u>	<u>\$ 5,332,245</u>	<u>\$ 7,073,939</u>
District's Covered Payroll	\$ 4,319,674	\$ 3,541,678	\$ 3,121,260	\$ 3,256,081
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	57.77%	90.28%	102.28%	152.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

PREMONT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 61,158	\$ 49,355	\$ 47,987	\$ 44,154
Contribution in Relation to the Contractually Required Contribution	(61,158)	(49,355)	(47,987)	(44,154)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,285,791	\$ 4,319,674	\$ 3,541,678	\$ 3,121,260
Contributions as a Percentage of Covered Payroll	1.43%	1.14%	1.35%	1.41%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

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

**A. Notes to Schedules for the TRS Pension**

*Changes of Benefit terms.*

In May 2019, the 86<sup>th</sup> Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the legislature approved funding for a 13<sup>th</sup> check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

*Changes of Benefit terms.*

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

**B. Notes to Schedules for the TRS OPEB Plan**

*Changes in Benefits.*

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

*Changes in Assumptions.*

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 2.64 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

## COMBINING SCHEDULES

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

Data Control Codes		211	224	225	240
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (113,996)	\$ (25,668)	\$ (147)	\$ 123,242
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	125,244	29,386	147	21,023
1300	Inventories	-	-	-	2,667
1000	Total Assets	<u>\$ 11,248</u>	<u>\$ 3,718</u>	<u>\$ -</u>	<u>\$ 146,932</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 50,993
2160	Accrued Wages Payable	9,638	3,718	-	-
2200	Accrued Expenditures	1,610	-	-	-
2000	Total Liabilities	<u>11,248</u>	<u>3,718</u>	<u>-</u>	<u>50,993</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	2,667
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	93,272
Committed Fund Balance:					
3510	Construction	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,939</u>
4000	Total Liabilities and Fund Balances	<u>\$ 11,248</u>	<u>\$ 3,718</u>	<u>\$ -</u>	<u>\$ 146,932</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 CRRSA ESSER II	282 ARP Esser III	289 Other Federal Special Revenue Funds
\$ (10,326)	\$ (7,979)	\$ -	\$ (5,401)	\$ -	\$ (135,374)	\$ (11,499)	\$ (810)
-	-	-	-	-	-	-	-
10,326	7,979	-	5,401	-	135,374	40,066	810
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,567</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	26,430	-
-	-	-	-	-	-	2,137	-
-	-	-	-	-	-	28,567	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,567</u>	<u>\$ -</u>

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds	618 Capital Projects Fund
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 1,662	\$ (147)	\$ (186,443)	\$ 56,325
1120 Investments - Current	-	-	-	18,412
1240 Due from Other Governments	-	147	375,903	-
1300 Inventories	-	-	2,667	-
1000 Total Assets	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ 192,127</u>	<u>\$ 74,737</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ 50,993	\$ -
2160 Accrued Wages Payable	-	-	39,786	-
2200 Accrued Expenditures	-	-	3,747	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>94,526</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	2,667	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	93,272	-
Committed Fund Balance:				
3510 Construction	-	-	-	74,737
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	1,662	-	1,662	-
3000 Total Fund Balances	<u>1,662</u>	<u>-</u>	<u>97,601</u>	<u>74,737</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ 192,127</u>	<u>\$ 74,737</u>



620 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 56,325	\$ (130,118)
-	18,412	18,412
-	-	375,903
-	-	2,667
<u>\$ -</u>	<u>\$ 74,737</u>	<u>\$ 266,864</u>
 \$ -	 \$ -	 \$ 50,993
-	-	39,786
-	-	3,747
<u>-</u>	<u>-</u>	<u>94,526</u>
 -	 -	 2,667
-	-	93,272
-	74,737	74,737
-	-	1,662
<u>-</u>	<u>74,737</u>	<u>172,338</u>
 <u>\$ -</u>	 <u>\$ 74,737</u>	 <u>\$ 266,864</u>

PREMONT 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	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 41,069
5800 State Program Revenues	-	-	-	3,967
5900 Federal Program Revenues	499,902	179,663	5,416	610,916
5020 Total Revenues	499,902	179,663	5,416	655,952
EXPENDITURES:				
Current:				
0011 Instruction	372,020	173,501	5,416	-
0012 Instructional Resources and Media Services	2,439	-	-	-
0013 Curriculum and Instructional Staff Development	50,577	-	-	-
0021 Instructional Leadership	38,449	6,162	-	-
0023 School Leadership	-	-	-	-
0035 Food Services	-	-	-	670,863
0041 General Administration	30,900	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	5,517	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	499,902	179,663	5,416	670,863
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(14,911)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	(14,911)
0100 Fund Balance - September 1 (Beginning)	-	-	-	110,850
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 95,939

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 CRRSA ESSER II	282 ARP Esser III	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	677	-
146,494	32,350	303,500	20,401	15,081	146,325	40,066	26,864
146,494	32,350	303,500	20,401	15,081	146,325	40,743	26,864
146,494	27,350	296,126	20,401	9,302	140,901	33,335	26,864
-	-	-	-	-	-	-	-
-	5,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,424	7,408	-
-	-	-	-	-	-	-	-
-	-	7,374	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,779	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
146,494	32,350	303,500	20,401	15,081	146,325	40,743	26,864
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PREMONT 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	410 State Instructional Materials	429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds	618 Capital Projects Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 41,069	\$ 368
5800 State Program Revenues	65,898	104,864	175,406	-
5900 Federal Program Revenues	-	-	2,026,978	-
5020 Total Revenues	65,898	104,864	2,243,453	368
EXPENDITURES:				
Current:				
0011 Instruction	65,898	79,928	1,397,536	-
0012 Instructional Resources and Media Services	-	-	2,439	-
0013 Curriculum and Instructional Staff Development	-	-	55,577	-
0021 Instructional Leadership	-	-	44,611	-
0023 School Leadership	-	-	12,832	-
0035 Food Services	-	-	670,863	-
0041 General Administration	-	-	30,900	-
0051 Facilities Maintenance and Operations	-	-	7,374	-
0052 Security and Monitoring Services	-	24,936	24,936	-
0053 Data Processing Services	-	-	5,779	-
0061 Community Services	-	-	5,517	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	783,455
6030 Total Expenditures	65,898	104,864	2,258,364	783,455
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(14,911)	(783,087)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	750,213
1200 Net Change in Fund Balance	-	-	(14,911)	(32,874)
0100 Fund Balance - September 1 (Beginning)	1,662	-	112,512	107,611
3000 Fund Balance - August 31 (Ending)	\$ 1,662	\$ -	\$ 97,601	\$ 74,737

620 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 368	\$ 41,437
-	-	175,406
-	-	2,026,978
-	368	2,243,821
-	-	1,397,536
-	-	2,439
-	-	55,577
-	-	44,611
-	-	12,832
-	-	670,863
-	-	30,900
-	-	7,374
-	-	24,936
-	-	5,779
-	-	5,517
179,887	963,342	963,342
179,887	963,342	3,221,706
(179,887)	(962,974)	(977,885)
-	750,213	750,213
(179,887)	(212,761)	(227,672)
179,887	287,498	400,010
\$ -	\$ 74,737	\$ 172,338

THIS PAGE LEFT BLANK INTENTIONALLY

## REQUIRED TEA SCHEDULES

PREMONT 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	\$ 1.040000	\$ 0.122890	\$ 143,740,179
2013	1.170000	0.120000	146,259,710
2014	1.163000	0.131400	144,034,836
2015	1.170000	0.149000	138,027,683
2016	1.170000	0.147500	138,868,479
2017	1.170000	0.155300	134,104,806
2018	1.170000	0.495500	138,743,820
2019	1.170000	0.482500	138,902,493
2020	1.068350	0.453500	139,067,915
2021 (School year under audit)	1.011800	0.453000	152,760,082
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
\$ 158,477	\$ -	\$ 10,250	\$ 1,211	\$ 64,008	\$ 211,024
41,138	-	2,624	269	(467)	37,778
51,003	-	2,075	234	(395)	48,299
39,186	-	2,171	277	(367)	36,371
44,375	-	2,004	253	(429)	41,689
58,840	-	5,564	738	3,903	56,441
123,147	-	9,526	4,034	4,280	113,867
130,887	-	13,033	5,375	1,512	113,991
168,726	-	26,817	11,383	(3,239)	127,287
-	2,407,135	1,540,573	689,740	(4,569)	172,253
<u>\$ 815,779</u>	<u>\$ 2,407,135</u>	<u>\$ 1,614,637</u>	<u>\$ 713,514</u>	<u>\$ 64,237</u>	<u>\$ 959,000</u>

PREMONT 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		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 28,515	\$ 28,515	\$ 41,069	\$ 12,554
5800 State Program Revenues	2,032	2,032	3,967	1,935
5900 Federal Program Revenues	663,103	663,103	610,916	(52,187)
5020 Total Revenues	693,650	693,650	655,952	(37,698)
EXPENDITURES:				
Current:				
0035 Food Services	688,650	688,650	670,863	17,787
6030 Total Expenditures	688,650	688,650	670,863	17,787
1200 Net Change in Fund Balances	5,000	5,000	(14,911)	(19,911)
0100 Fund Balance - September 1 (Beginning)	110,850	110,850	110,850	-
3000 Fund Balance - August 31 (Ending)	\$ 115,850	\$ 115,850	\$ 95,939	\$ (19,911)

PREMONT 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	\$ 724,611	\$ 724,611	\$ 738,060	\$ 13,449
5800 State Program Revenues	146,862	146,862	180,799	33,937
5020 Total Revenues	871,473	871,473	918,859	47,386
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	245,000	245,000	245,000	-
0072 Interest on Long-Term Debt	415,419	415,419	421,784	(6,365)
0073 Bond Issuance Cost and Fees	1,000	1,000	400	600
6030 Total Expenditures	661,419	661,419	667,184	(5,765)
1100 Excess of Revenues Over Expenditures	210,054	210,054	251,675	41,621
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	1,549	1,549
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(203,919)	(203,919)
7080 Total Other Financing Sources (Uses)	-	-	(202,370)	(202,370)
1200 Net Change in Fund Balances	210,054	210,054	49,305	(160,749)
0100 Fund Balance - September 1 (Beginning)	291,593	291,593	291,593	-
3000 Fund Balance - August 31 (Ending)	\$ 501,647	\$ 501,647	\$ 340,898	\$ (160,749)

PREMONT INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 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.	998690
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	586007

---

**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.	17858
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	9862

---

## FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272

MEMBER  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance With *Government Auditing  
Standards***

**Independent Auditor's Report**

Premont Independent School District  
439 SW 4th Street  
Premont, Texas 78384

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Premont Independent School 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 our report thereon dated December 8, 2021.

**Internal Control Over Financial Reporting**

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

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

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

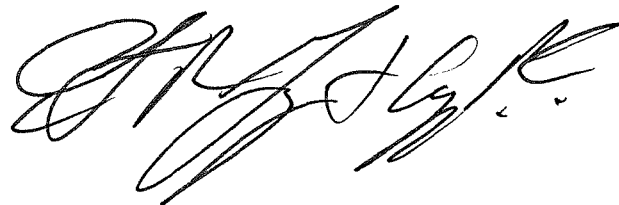
## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Premont Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Premont Independent School District in a separate letter dated December 8, 2021.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
December 8, 2021

A handwritten signature in black ink, appearing to read "ERNEST R. GARZA", is positioned to the right of the typed name and date.



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

None

PREMONT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2021

**I. Summary of the Auditor's Results:**

Financial statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	____. Yes	<u>  X  </u> . No
Significant deficiencies identified not considered being material weaknesses?	____. Yes	<u>  X  </u> . No
Noncompliance material to financial statements noted?	____. Yes	<u>  X  </u> . No

Federal Awards

Internal Control over major programs:		
Material weakness (es) identified?	____. Yes	<u>  X  </u> . No
Significant deficiencies identified not considered to be material weaknesses?	____. Yes	<u>  X  </u> . No
Noncompliance material to financial statements noted?	____. Yes	<u>  X  </u> . No

An unmodified opinion was issued regarding compliance and internal controls.

An unmodified opinion was issued regarding compliance for the major award program of Title I SIP Academy Grant and Title I, Part A – Improving Basic Programs.

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

\_\_\_\_. Yes        X  . No

Major programs:

Title I SIP Academy Grant CFDA 84.377A.

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.  
The district was not classified as a low auditee in context of the Uniform Guidance.

**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 Including Audit Findings as Described in I. Above**

None

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

None



**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272

MEMBER  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants

6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

December 8, 2021

Premont Independent School District  
439 SW 4th Street  
Premont, Texas 78384

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

We have audited Premont Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Premont Independent School District's major federal programs for the year ended August 31, 2021. Premont Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Premont Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Premont Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Premont Independent School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Premont Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

**Report on Internal Control Over Compliance**

Management of Premont Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Premont Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Premont Independent School District's internal control over compliance.

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

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

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

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
December 8, 2021

A handwritten signature in black ink, appearing to read "ERNEST R. GARZA", is written over a horizontal line.

PREMONT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>DEPARTMENT OF THE TREASURY</b>			
<u>Passed Through State Department of Education</u>			
COVID - 19 Coronavirus Relief Fund	21.019	21-610101125905	\$ 15,081
Total Passed Through State Department of Education			15,081
<b>TOTAL DEPARTMENT OF THE TREASURY</b>			15,081
<b>ENTER NAME OF DEPARTMENT</b>			
<u>Direct Programs</u>			
Other Federally Funded Special Revenue Funds	84.424a	21-680101125905	26,864
Total Direct Programs			26,864
<b>TOTAL ENTER NAME OF DEPARTMENT</b>			26,864
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20-610101125905	105,402
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21-610101125905	378,780
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21-610101125905	15,720
Total Assistance Listing Number 84.010A			499,902
*IDEA - Part B, Formula	84.027	20-66000106690266000	35,867
*IDEA - Part B, Formula	84.027	21-660001125905660	139,447
*IDEA - Part B, Formula	84.027	22-660001125905660	4,348
Total Assistance Listing Number 84.027			179,662
Total Special Education Cluster (IDEA)			185,078
Career and Technical - Basic Grant	84.048	20-420006125905	85,871
Career and Technical - Basic Grant	84.048	21-420006125905	60,624
Total Assistance Listing Number 84.048			146,495
*IDEA - Part B, Preschool	84.173	20-6610010669026610	488
*IDEA - Part B, Preschool	84.173	21-6610010669026610	4,928
Total Assistance Listing Number 84.173			5,416
Total Special Education Cluster (IDEA)			185,078
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	20-6960001125905	10,000
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	21-696001066902	10,401
Total Assistance Listing Number 84.358B			20,401
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21-694501125905	31,832
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22-694501125905	518
Total Assistance Listing Number 84.367A			32,350
Title I SIP Academy Grant	84.377A	17-6107367110003	7,904
Title I SIP Academy Grant	84.377A	17-6107367110003	1,349,277
Total Assistance Listing Number 84.377A			1,357,181
Elementary & Secondary School Emergency Relief Fd	84.425D	20-521001125905	303,500
Elementary Secondary School Emergency Relief II	84.425D	21-521001125905	146,325

PREMONT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Elementary Secondary School Emergency Relief III	84.425U	22-610101125905	40,743
Total Assistance Listing Number 84.425			490,568
Total Passed Through State Department of Education			2,731,975
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>2,731,975</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		124,153
*National School Lunch Program - Cash Assistance	10.555		25,614
*National School Lunch Prog. - Non-Cash Assistance	10.555		252,081
Total Assistance Listing Number 10.555			277,695
Total Child Nutrition Cluster			401,848
Child & Adult Care Food Program - Cash Assistance	10.558		180,575
Total Passed Through the State Department of Agriculture			582,423
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>582,423</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,356,343</b>

\*Clustered Programs



PREMONT INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2021

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in OMB – Compliance Supplement.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Premont Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) the OMB Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements it is not intended to and does not present the financial position, changes in net position.

# SCHOOLS FIRST QUESTIONNAIRE

PREMONT 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.	0