

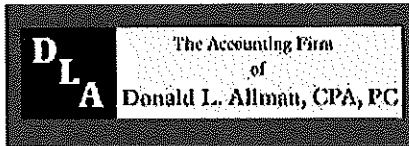
CITY OF BREMOND, TEXAS

**Audited Financial Statements
Independent Auditor's Report And
Supplemental Schedules
For the Year Ended
September 30, 2021**

**CITY OF BREMOND, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis (unaudited)	3
Government Wide Statements:	
Statement of Net Position	8
Statement of Activities	9
Governmental Fund Financial Statements:	
Balance Sheet	10
Reconciliation of the Governmental Funds Balance sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Fund Financial Statements:	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Fund Net Position	15
Statement of Cash Flows	16
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	19-36
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund (unaudited)	38
Budgetary Comparison Schedule – Revenue Fund (unaudited)	39
Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Years (Will Ultimately Be Displayed)	40
Schedule of Contributions	41
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	45
Independent Auditors Report on Compliance for Each Major Program and on Internal Control Over Compliance Reviewed by the Uniform Guidance	46-47
Schedule of Findings and Questioned Costs	48-49
Schedule of Prior Year Findings and Questioned Costs	50
Corrective Action Plan	51



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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Bremond, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bremond, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Bremond, Texas' 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bremond, Texas, as of September 30, 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 and budgetary comparison information on pages 3-7 and 38-39 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 the City of Bremond, Texas' basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Donald L. Allman, CPA, PC

June 10, 2022
Georgetown, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of the City of Bremond, Texas, discuss and analyze the City's financial performance for the year ended September 30, 2021. Please read it in conjunction with the independent auditors' report and the City's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The city's net position was \$1,245,120 for the governmental activities and \$1,765,392 for business-type activities at September 30, 2021.
- The General Fund had an increase in net position of \$536,713.
- The Proprietary Fund had an increase in net position of \$217,660
- The General Fund on the governmental funds basis had an increase in net position of \$64,112.

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. These provide information about the activities of the City as a whole and present a longer-term view of the city'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 report the City's operations in more detail than the government-wide statements by providing information about the city'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 budget. The fiduciary statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the district.

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

The required Supplementary Information section contains financial information and disclosures required by the Governmental Accounting Standards Board (GASB), but are not considered a part of the basic financial statements. The section labeled Other Supplementary Information contains data used by monitoring or regulatory agencies for assurance that the City is using funds supplied in compliance with the terms of grants.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting, which is the basis used by private sector companies. This means all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

All of the current year's revenues are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who pay for the costs of some programs (such as utility funds) and grants provided by the outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All of the City'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 City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider nonfinancial factors such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities.

Governmental Activities-Most of the City's basic services are reported here, including the transportation, maintenance, community services, and general administration. Property taxes, fees, and state and federal grants finance most of these activities.

Business-type Activities – The City charges a fee to “customers” to help it cover all or most of the cost of services it provides in the Revenue Fund.

Business-type Activities – The City charges a fee to “customers” to help it cover all or most of the cost of services it provides in the Revenue Fund.

Component Units – The City includes two separate legal entities in its report – the Economic Development Corporation (4A) and the Infrastructure/Improvement Corporation (4B). Although legally separate, these “component units” are important because the City is financially accountable for them.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Laws and contracts require the City to establish some funds, such as grants received from a governmental agency. The city's administration may establish other funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – Most of the City'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 city'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.

Proprietary Funds – The City reports the activities for which it charges users in proprietary funds using the same accounting method employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government wide statements but containing more detail and additional information, such as cash flows.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary's Responsibilities

The City is the trustee, or fiduciary, for money of the Firemen's Pension Trust fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the City's other financial statements because the City cannot use these assets to finance its operations. The City is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets exceeded liabilities by \$3,010,512 at the close of the most recent fiscal year.

Governmental activities net position increased by \$536,713 during the current year.

Business-type activities net position decreased by \$217,660 during the current year.

TABLE I
CITY OF BREMOND, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities		Business-type Activities		Total	
	Sep-2021	Sep-2020	Sep-2021	Sep-2020	Sep-2021	Sep-2020
Current assets	\$ 379,591	\$ 322,748	\$ 631,403	\$ 575,241	\$ 1,010,994	\$ 897,989
Capital assets	1,196,233	711,248	1,264,714	1,063,892	2,460,947	1,775,140
Total assets	1,575,824	1,033,996	1,896,117	1,639,133	3,471,941	2,673,129
Deferred Outflows of Resources	1,633	10,513	(13,431)	(7,512)	(11,798)	3,001
Total deferred outflows	1,633	10,513	(13,431)	(7,512)	(11,798)	3,001
Current liabilities	28,671	25,850	28,596	5,216	57,267	31,066
Long-term liabilities	135,448	149,512	18,820	13,782	154,268	163,294
Total liabilities	164,119	175,362	47,416	18,998	211,535	194,360
Deferred Inflows of Resources	168,218	160,740	69,878	64,891	238,096	225,631
Total deferred inflows	168,218	160,740	69,878	64,891	238,096	225,631
Net Position:						
Net Investment in Capital Assets	1,190,390	711,248	1,264,714	1,063,892	2,455,104	1,775,140
Restricted	18,912	-	-	-	18,912	-
Unrestricted	35,818	(2,841)	500,678	483,840	536,496	480,991
Total net position	1,245,120	708,407	1,765,392	1,547,732	3,010,512	2,256,131

TABLE II
CITY OF BREMOND, TEXAS
GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20
Revenues:						
Program Revenues:						
Charges for Services	147,676	145,270	327,343	356,366	475,019	501,636
Operating Grants	-	-	-	-	-	-
Capital Grants	562,500	-	275,000	-	837,500	-
General Revenues					-	-
Operations Taxes	189,435	175,049	-	-	189,435	175,049
Debt Service Taxes	-	-	-	-	-	-
General Sales Taxes	225,377	215,195	-	-	225,377	215,195
Franchise Taxes	43,432	40,780	-	-	43,432	40,780
Penalty and Interest	-	-	-	-	-	-
Investment Earnings	2,017	3,477	-	1,548	2,017	5,025
Miscellaneous	81,712	101,961	-	-	81,712	101,961
Total Revenues	<u>1,252,149</u>	<u>681,732</u>	<u>602,343</u>	<u>357,914</u>	<u>1,854,492</u>	<u>1,039,646</u>
Expenses:						
General Government	457,820	531,965	384,683	367,623	842,503	899,588
Public Safety	112,213	36,469	-	-	112,213	36,469
Highways and Roads	68,942	39,017	-	-	68,942	39,017
Health and Sanitation	59,024	59,403	-	-	59,024	59,403
Culture and Recreation	17,437	13,750	-	-	17,437	13,750
Interest long-term debt	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Total Expenses	<u>715,436</u>	<u>680,604</u>	<u>384,683</u>	<u>367,623</u>	<u>1,100,119</u>	<u>1,048,227</u>
Increase in Net Position						
Before Transfers in Special	536,713	1,128	217,660	(9,709)	754,373	(8,581)
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Special Items	-	-	-	-	-	-
Change in Net Position	<u>536,713</u>	<u>1,128</u>	<u>217,660</u>	<u>(9,709)</u>	<u>754,373</u>	<u>(8,581)</u>
Prior Period Adjustment	-	-	-	-	-	-
Net Position - Beginning	708,407	707,279	1,547,732	1,557,441	2,256,139	2,264,720
Net Position - End	<u>\$ 1,245,120</u>	<u>\$ 708,407</u>	<u>\$ 1,765,392</u>	<u>\$ 1,547,732</u>	<u>\$ 3,010,512</u>	<u>\$ 2,256,139</u>

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

Revenues were \$589,806 higher than budgeted mainly due to grant revenues. Expenses were \$514,051 higher than anticipated mainly due to grant expenditures.

Revenue Fund Budgetary Highlights

Revenues for Water & Sewer services were \$(30,157) less than anticipated. Operating expenses were \$61,645 more than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the City has \$2,460,947 invested in a broad range of capital assets, including facilities and equipment for administration and maintenance.

Debt

As of September 30, 2021, the City had loan obligations outstanding of \$5,843.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the upcoming fiscal year ending September 30, 2021, the City's budget is fairly consistent with this year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditor with a general overview of the city's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's business office at: City of Bremond, Texas, 201 S. Dallas, Bremond, Texas 76629 or at (254) 746-7730.

City of Bremond, Texas
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and equivalents	\$ 314,222	\$ 509,172	\$ 823,394	\$ 271,587
Restricted Cash	18,912		18,912	
Net Pension Asset		53,023	53,023	
Receivables (net allowance for uncollectibles)	46,457	69,208	115,665	3,000
Total current assets	<u>379,591</u>	<u>631,403</u>	<u>1,010,994</u>	<u>274,587</u>
Capital assets				
Land	48,627	54,148	102,775	
Buildings	-	-	-	
Machinery & equipment, net of depreciation	1,147,606	1,210,566	2,358,172	
Total capital assets	<u>1,196,233</u>	<u>1,264,714</u>	<u>2,460,947</u>	
Total assets	<u>1,575,824</u>	<u>1,896,117</u>	<u>3,471,941</u>	<u>274,587</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	1,633	(13,431)	(11,798)	
LIABILITIES				
Accounts payable and accrued expenses	22,828	28,596	51,424	
Long-term liabilities				
Current portion loan payable	5,843		5,843	
Long-term loan payable	-		-	
Net OPEB Liability	29,355	18,820	48,175	
Net Pension Liability (Asset)	106,093	-	106,093	
Total liabilities	<u>164,119</u>	<u>47,416</u>	<u>211,535</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	168,218	69,878	238,096	
Total deferred inflows of resources	<u>168,218</u>	<u>69,878</u>	<u>238,096</u>	
NET POSITION				
Net Investment in Capital Assets	1,190,390	1,264,714	2,455,104	
Restricted	18,912	-	18,912	
Unrestricted	35,818	500,678	536,496	274,587
Total net position	<u>\$ 1,245,120</u>	<u>\$ 1,765,392</u>	<u>\$ 3,010,512</u>	<u>\$ 274,587</u>

City of Bremond, Texas
Statement of Activities
September 30, 2021

Functions/Programs	Net (Expense) Revenue & Change in Net Position						Component Units
	Program Revenue			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities							
General government	\$ 457,397	\$ 4,328	-	62,500	(390,569)	-	(390,569)
Public safety/Court	112,213	68,710	-	500,000	456,497	-	456,497
Highways and Roads	68,942	-	-	-	(68,942)	-	(68,942)
Health and Sanitation	59,024	74,638	-	-	15,614	-	15,614
Culture and Recreation	17,437	-	-	-	(17,437)	-	(17,437)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	715,013	147,676	-	562,500	(4,837)	-	(4,837)
Business-type activities							
Revenue fund	384,683	327,343	-	275,000	-	217,660	217,660
Total business-type activities	384,683	327,343	-	275,000	-	217,660	217,660
Total primary government	1,099,696	475,019	-	837,500	(4,837)	217,660	212,823
Component Units							
City of Bremond Economic Development Corp	\$ 3,822	\$ -	\$ -	\$ -	-	-	-
City of Bremond Infrastructure/Improvement C	3,822	-	-	-	-	-	-
Total components units	\$ 7,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General revenue							
Taxes							
Property taxes, levied for general purposes					189,012	-	189,012
Franchise taxes					43,432	-	43,432
Sales tax					225,377	-	225,377
Grants and contributions not restricted to specific program					-	-	-
Unrestricted investment earnings					2,017	-	2,017
Miscellaneous					81,712	-	81,712
Transfers					-	-	-
Total general revenues, special items, and transfers					541,550	-	541,550
Change in net position					536,713	217,660	754,373
Net position - beginning					708,407	1,547,732	2,256,139
Net position - ending					\$ 1,245,120	\$ 1,765,392	\$ 3,010,512

City of Bremond, Texas
Balance Sheet
Government Funds
September 30, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 314,222	\$ -	\$ 314,222
Restricted Cash	18,912		18,912
Property Taxes receivable, net	17,524	-	17,524
Other receivables	28,932	-	28,932
Total assets	<u>\$ 379,590</u>	<u>\$ -</u>	<u>\$ 379,590</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 22,828	\$ -	\$ 22,828
Unearned revenue	17,524	-	17,524
Total liabilities	<u>40,352</u>	<u>-</u>	<u>40,352</u>
Fund balances:			
Nonspendable	-		-
Restricted	18,912		18,912
Committed	-		-
Assigned	-		-
Unassigned	320,326	-	320,326
Total fund balances	<u>339,238</u>	<u>-</u>	<u>339,238</u>
Total liabilities and fund balances	<u>\$ 379,590</u>	<u>\$ -</u>	<u>\$ 379,590</u>

City of Bremond, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2021

Total fund balance, governmental funds	\$ 339,238
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,196,233
Deferred Outflows of Resources are not included in Govt Funds	1,633
Net Pension Liability is not included in Governmental Funds	(106,093)
Net OPEB Liability is not included in governmental funds	(29,355)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transfers, 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 (decrease) net position.	11,682
Deferred Outflows of Resources are not included in Govt. Funds	<u>(168,218)</u>
Net position of governmental activities in the statement of net position	<u>\$1,245,120</u>

City of Bremond, Texas
Statement of Revenues and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 193,259	\$ -	\$ 193,259
Sales taxes	225,377	-	225,377
Franchise Fees	43,432	-	43,432
Fees and fines	68,710	-	68,710
Licenses and permits	4,328	-	4,328
Investment earnings	2,017	-	2,017
Charges for services	74,638	-	74,638
Grants	562,500	-	562,500
Miscellaneous	81,712	-	81,712
Total revenues	<u>1,255,973</u>	<u>-</u>	<u>1,255,973</u>
EXPENDITURES			
Current:			
General government	434,798	-	434,798
Public safety	63,297	-	63,297
Highways and roads	65,641	-	65,641
Health and sanitation	59,024	-	59,024
Culture and recreation	17,437	-	17,437
Capital outlay	551,664	-	551,664
Total expenditures	<u>1,191,861</u>	<u>-</u>	<u>1,191,861</u>
Excess (deficiency) of revenues over expenditures	<u>64,112</u>	<u>-</u>	<u>64,112</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds		-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>64,112</u>	<u>-</u>	<u>64,112</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>275,126</u>	<u>-</u>	<u>275,126</u>
Fund balances - ending	<u>\$ 339,238</u>	<u>\$ -</u>	<u>\$ 339,238</u>

City of Bremond, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds:	\$ 64,112
Amounts reported for governmental activities in the statement of activities are different because:	
Total Pension expense is not recognized in Governmental Funds	(8,137)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increase in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase (decrease) net position.	551,664
Difference in property tax revenue for governmental funds	(4,247)
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.	(66,679)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transfers, 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 (decrease) net position.	-
Loan Proceeds not included in government wide financial statements	-
Change in net position of governmental activities	\$ 536,713

**City of Bremond, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021**

	<u>Business Type Activities</u>	<u>Revenue Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 509,172	
Net Pension Asset	53,023	
Accounts receivable, net	69,208	
Total current assets	<u>631,403</u>	
Non-current assets:		
Capital assets:		
Land and Improvements	54,148	
Machinery and equipment, net of depreciation	1,210,566	
Total non-current assets	<u>1,264,714</u>	
Total assets	<u>1,896,117</u>	
Deferred Outflows of resources		(13,431)
LIABILITIES		
Current liabilities:		
Accounts payable	28,596	
		-
Total current liabilities		<u>28,596</u>
Long-term liabilities:		
Net OPEB Liability	18,820	
Net Pension Liability	-	
Total Long-term liabilities	<u>18,820</u>	
Total liabilities	<u>47,416</u>	
Deferred Inflows of Resources		69,878
NET POSITION		
Net Investment in Capital Assets		1,264,714
Restricted		
Unrestricted		500,678
Total net position		<u>\$ 1,765,392</u>

City of Bremond, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities
	Revenue Fund
REVENUES	
Charges for services	327,343
Miscellaneous	-
Total operating revenues	327,343
OPERATING EXPENSES	
Personnel services	139,833
Contractual services	2,850
Utilities	33,271
Repairs and maintenance	72,800
Other supplies and expenses	62,977
Depreciation	72,952
Total operating expenses	384,683
Operating income (loss)	(57,340)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	-
Interest expense	-
Operating grants and contributions	275,000
Transfers out	-
Total non-operating revenue (expenses)	275,000
Income (loss) before contributions and transfers	217,660
Transfers in	-
Change in net position	217,660
Total net position - beginning	1,547,732
Total net position - ending	\$ 1,765,392

City of Bremond, Texas
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2021

	Business-Type Activities
	Revenue Fund
Cash flows from operating activities	
Cash receipts from customers	\$ 327,233
Cash receipts from grant revenues	275,000
Payments to employees	(108,338)
Payments to suppliers	(180,013)
Net cash provided by operating activities	313,882
Cash flows from noncapital financing activities	
Change in OPEB And Pension liability	5,425
Net transfer from other funds	-
Net cash provided (used) by noncapital financing activities	5,425
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(273,774)
Debt principal payments	-
Net cash provided by capital and related financing activities	(273,774)
Net increase (decrease) in cash and cash equivalents	45,533
Cash and cash equivalents, beginning of year	463,639
Cash and cash equivalents, end of year	\$ 509,172
Reconciliation of operating income to net cash	
Provided by operating activities	
Operating income	217,660
Adjustments to reconcile operating income to	
Net cash provided by operating activities:	
Depreciation	72,952
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(110)
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable	23,380
Net cash provided by operating activities	\$ 313,882

City of Bremond, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2020

	Total Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 700
Receivables	
Due from general fund	-
Total receivables	-
Investments:	
Investments - current	86,520
Total investments	86,520
Total assets	\$ 87,220
NET POSITION	
Unrestricted net position	\$ 87,220

City of Bremond, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2021

	Total Pension Trust Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 683
Total net investment earnings	683
Other additions:	
Sales tax revenue	-
Transfers in	-
Total other additions	-
Total additions	683
DEDUCTIONS	
Benefits	4,128
Total benefits	4,128
Other deductions:	
Transfers out	-
Total deductions	4,128
Change in net assets	(3,445)
Net assets - beginning	90,665
Net assets - ending	\$ 87,220

City of Bremond, Texas
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Bremond, Texas (the “City”) is a municipal corporation under the applicable laws and regulations of the State of Texas. The City was incorporated and operates under an elected Mayor/Council from government. The City’s major operations include highway and streets, sanitation, public improvements, planning and zoning and general administrative services.

The financial statements of the City of Bremond, Texas are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. REPORTING ENTITY

Generally accepted accounting principles require that these financial statements present the city of Bremond, Texas (the primary government) and its component units. The component unit discussed below is included in the City’s reporting entity because of its financial relationship with the City and the City’s ability to appoint its directors.

The component unit is presented using the discrete method. Its financial data is presented in a separate column as a government type fund because it is legally separate from the City.

Component Units

City of Bremond Economic Development Corporation (4A) was formed in 2001 pursuant to the Development Corporation Act of 1979, governed by Section 4A of the Act. It receives and utilizes the proceeds of a one-half cent sales tax to promote and assist in the economic development of the City of Bremond, which is then split in half with the street maintenance account. Directors are appointed and removable by the City Council of the City of Bremond. Three directors shall be members who are not employees or officers of the City, nor members of the City Council.

City of Bremond Infrastructure/Improvement Corporation (4B) was formed in 2001 pursuant to the Development Corporation Act of 1979, governed by Section 4B of the Act. It receives and utilizes the proceeds of a one-half cent sales tax to promote and assist in the economic development of the City of Bremond. Directors are appointed and removable by the City Council of the City of Bremond. Three directors shall be members who are not employees or officers of the City, nor members of the City Council.

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 City of Bremond, Texas and its component units nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes. State foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The Statement of Activities demonstrates how other people or entities that participate in programs the City 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 City. The “grants and contributions” columns include amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due froms on the Governmental/Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund 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 City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

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

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting as do the proprietary fund and fiduciary fund financial statements. 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 revenues 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 include 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).

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the “susceptible to accrual” concept, that is, when they are both measurable and available. The City 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 deferred 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 City to refund 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 City applies all GASB pronouncements as well as the Financial Accounting Standards Council 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 position, and unrestricted net position.

D. FUND ACCOUNTING

The City reports the following major governmental funds:

General Fund – The general fund is the City’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

Revenue Fund – accounts for the operating activities of the City’s water and sewer services.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For Year Ended September 30, 2021
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. FUND ACCOUNTING (cont.)

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

Governmental Funds:

Special Revenue Funds – The City accounts for resources restricted to, or designated for, specific purposes by the City 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. The City has two special revenue funds; Municipal Technology Fund and the Building Security Fund.

Debt Service Funds – The City 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. The City has no debt service funds.

Capital Projects Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted in a capital projects fund. The City has no capital projects funds.

Permanent Funds – The City accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the City's programs. The City has not permanent funds.

Proprietary Funds:

Enterprise Funds – The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The City has not non-major enterprise funds.

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City has not internal service funds.

Fiduciary Funds:

Private Purpose Trust Funds – The City accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the City. The City has no private purpose trust funds.

Pension Trust Funds – These funds are used to account for local pension and other employee benefit funds that are provided by the City in lieu of or in addition to the Texas Municipal Retirement System. The City's pension trust fund is firemen's trust fund.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. FUND ACCOUNTING (cont.)

Investment Trust Fund – This fund is one in which the City holds assets in trust for other entities participating in an investment program managed by the City. The City has no investment trust fund.

Agency Funds – The City accounts for resources held for others in a custodial capacity in agency funds. The City has no agency funds.

E. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for governmental Funds are:

Nonspendable- Includes fund balance amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts restricted due to constitutional provisions now enabling legislation.

Committed – Includes fund balance amounts that are self-imposed by the City to be used for a specific purpose.

Unassigned – Includes the residual positive fund balance within the general fund which has not been classified within the above mentioned categories.

F. GOVERNMENT-WIDE AND PROPRIETARY FUND NET POSITION

Net investment in capital assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consist of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City's parks endowment less related liabilities and deferred inflows or resources).

Unrestricted – all other net position is reported in this category.

G. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the City considers highly liquid investments to be cash equivalents if they have a maturity of three years or less when purchased.
2. The City reports purchase of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory, and the expenditure is reduced. There was no inventory at year end.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. OTHER ACCOUNTING POLICIES (cont.)

3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, 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 recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Employees of the City are entitled to vacation and sick leave based on category/class of employment. Vacation and sick leave are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general purpose financial statements.
5. Capital assets which include land buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City 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 City are depreciated using the straight line method over the following estimated useful lives.

Assets	Years
Buildings	5-40
Building Improvements	5-20
Infrastructure	40
Machinery and Equipment	3-7
Furniture and Fixtures	3-7
Computer Equipment	3-5

6. The City provides health insurance coverage for its full-time employees through Texas Municipal League. The City pays for 100% of premium for individual coverage. Additional coverage for dependents are paid in full by employees.
7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE 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

Page 11 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.

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

Page 13 provides a reconciliation of the governmental funds balance sheet to the statement of net position. 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 increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balances and the change in net position.

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Council adopts an “appropriated budget” for the General Fund and Revenue Fund. The City is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears on Page 32 and the other report is on Page 33.

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

1. Prior to September 20, the City 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 Council 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 Council. 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 Council. Amendments are presented to the Council at its regular meetings. Each amendment must have Council approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council, and are not made after fiscal year end. The City had no budget amendments during the year. All budget appropriations lapse at year end.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE IV – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the City 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 City's agent bank in an amount sufficient to protect City 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. As of September 30, 2020, the City had a signed depository contract with First Star Bank of Bremond, the City's depository bank.

At September 30, 2020, the carrying amount of the City's deposits (cash, certificates of deposits and interest-bearing savings accounts included in temporary investments) was \$807,658 and the bank balance was \$919,339. The City's cash deposits at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by the FDIC Insurance or by pledged collateral held by the City's agent bank in the City's name.

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 the City 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 quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings account, (5) repurchase agreements, (6) banker acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the act. The City is in substantial compliance with requirements of the Act and with local policies.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Cash or investments that are insured, registered or held by the City or by its agent in the City's name.

Category 2 - Cash or Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the City's name.

Category 3 – Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the City's name.

Based on these three levels of risk, all of the City's investments are classified as Category 1.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE IV – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The City's investments at September 30, 2021 are shown below:

Name	Carrying Amount	Market Value	Category
Certificates of Deposit	\$240,903	\$ 240,903	1

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 City in conformity with Subtitle E, Texas Property Tax Code. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due on or before January 31 and the second installment, which bears interest at the State mandated rate, is due on, or before June 30. Accounts not paid as of July 1 are considered to be past due. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The rate for the 2020 tax roll was .54902 per \$100 on 100% of market value. The assessed value was \$32,077,884. The tax office collected 94.00% of the current roll or \$176,114. Current property taxes receivable are \$8,019 and delinquent property taxes receivable are \$14,107.

C. DELINQUENT TAXES RECEIVABLE

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

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the City for the year ended September 30, 2021, was as follows:

	<u>Capital Assets, Not Depreciated</u>		<u>Capital Assets Depreciated</u>		<u>Total</u>
	<u>Land</u>	<u>Construction In Progress</u>	<u>Buildings & Improvement</u>	<u>Machinery & Equipment</u>	
Primary Government					
Governmental Activities:					
Balance September 30, 2020	\$ 48,627	\$ -	\$ 750,363	\$ 260,110	\$1,059,100
Increases	-	-	62,500	489,164	551,664
Decreases	-	-	-	-	-
Balance September 30, 2021	<u>\$ 48,627</u>	<u>\$ -</u>	<u>\$ 812,863</u>	<u>\$ 749,274</u>	<u>\$1,610,764</u>
Accumulated Depreciation					
Balance September 30, 2020	-	-	(97,645)	(250,207)	(347,852)
Increases	-	-	(14,462)	(52,217)	(66,679)
Decreases	-	-	-	-	-
Balance September 30, 2021	<u>-</u>	<u>-</u>	<u>(112,107)</u>	<u>(302,424)</u>	<u>(414,531)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 48,627</u>	<u>\$ -</u>	<u>\$ 700,756</u>	<u>\$ 446,850</u>	<u>\$1,196,233</u>

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

NOTE IV -- DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (cont.)

B. CAPITAL ASSET ACTIVITY (cont.)

	Capital Assets, Not Depreciated		Capital Assets, Depreciated		Total
	Land	Construction In Progress	Buildings & Improvement	Machinery & Equipment	
Business-type Activities:					
Balance September 30, 2020	54,148	-	2,675,692	188,743	2,918,583
Increases	-	-	273,774	-	273,774
Decreases	-	-	-	-	-
Balance September 30, 2021	54,148	-	2,949,466	188,743	3,192,357
Accumulated Depreciation					
Balance September 30, 2020	-	-	(1,714,910)	(139,781)	(1,854,691)
Increases	-	-	(71,486)	(1,466)	(72,952)
Decreases	-	-	-	-	-
Balance September 30, 2021	-	-	(1,786,396)	(141,247)	(1,927,643)
Business-type Activities					
Capital Assets Net	54,148	-	1,163,070	47,496	1,264,714

Depreciation expense was charged to governmental functions as follows:

General	14,462
Street	3,301
Police & Fire	48,916
Computer	-
Water & Sewer	72,952
Total Depreciation Expense	<u>139,631</u>

C. Loans Payable

The City of Bremond entered into a 3 year loan agreement for a dump truck, with 3 annual payments of \$6,198 for a loan of \$16,505.

Year Ended	Total Payments	Interest	Principal
9/30/2021			
9/30/2022	6,198	355	5,843
Thereafter	-	-	-
Totals	<u>6,198</u>	<u>355</u>	<u>5,843</u>

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

E. DEFINED BENEFIT PENSION PLANS

1. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of Trustees. Although the Governor, with the advice and consent of the senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TRMS.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employee-financial monetary credits with interest were used to purchase to annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 yearly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>7</u>
Total	21

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.67 and 14.59 for 2020 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were 43,536 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.5% per year	
Overall payroll growth	3.5% per year	
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation	

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used for smaller cities, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-district RP2000 Disabled Retire Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2016 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Inc	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.23%
Private Equity	5.00%	8.50%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
September 30, 2021

A. Total pension liability

1 Service cost	\$	34,649
2 Interest (on the Total Pension Liability)		55,259
3 Changes of benefit terms		-
4 Difference between expected and actual experience		(1,625)
5 Changes of assumptions		-
6 Benefit payments, including refunds of employee contributions		(5,780)
7 Net change in total pension liability		82,503
8 Total pension liability - beginning		804,218
9 Tot pension liability - ending	\$	886,721

B. Plan fiduciary net position

1 Contributions - employer	\$	41,541
2 Contributions - employee		18,209
3 Net investment income		55,200
4 Benefit payments including refunds of employee contributions		(5,780)
5 Administrative expense		(356)
6 Other		(13)
7 Net change in plan fiduciary net position		108,801
8 Plan fiduciary net position - beginning		724,850
9 Plan fiduciary net position - ending	\$	833,651

C. Net pension liability \$ 53,070

D. Plan fiduciary net position as a percentage of the total pension liability 94.02%

E. Covered-employee payroll 260,124

F. Net pension liability as a percentage of covered employee payroll 20.40%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	<u>1% Decrease in</u> <u>Discount Rate (5.75%)</u>	<u>Discount</u> <u>Rate (6.75%)</u>	<u>1% Increase in</u> <u>Discount Rate (7.75%)</u>
City of Bremond's net pension liability	\$ 173,999	\$ 53,070	\$ (47,035)

Premium Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com

5. Pension Expense and Deferred Outflows and Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of 17,167.

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

CITY OF BREMOND
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2021

1.	Total Service Cost	\$	34,649
2.	Interest on the Total Pension Liability		55,259
3.	Current Period Benefit Changes		-
4.	Employee Contributions (Reduction of Expense)		(18,209)
5.	Projected Earnings on Plan Investments (Reduction of Expense)		(48,927)
6.	Administrative Expense		356
7.	Other Changes in Fiduciary Net Position		14
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities		(613)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets		(1,255)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities		(9,166)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets		(5,898)
12.	Total Pension Expense	\$	<u>6,210</u>

CITY OF BREMOND
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2021

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2020 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	2.6500	\$ (1,625)	\$ (613)	\$ (1,012)
Difference in assumption changes [actuarial (gains) or losses]	2.6500	\$ -	\$ -	\$ -
			<u>\$ (613)</u>	<u>\$ (1,012)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (6,273)	\$ (1,255)	\$ (5,018)
			<u>\$ (1,255)</u>	<u>\$ (5,018)</u>
Total:				<u>\$ (6,030)</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2021	\$ (12,584)
2022	(1,230)
2023	(11,569)
2024	(1,253)
2025	-
Thereafter	-
Total	<u>\$ (26,636)</u>

CITY OF BREMOND, TEXAS
Notes to Financial Statements
For The Year Ended September 30, 2021
(continued)

E. DEFINED BENEFIT PENSION PLANS

**Net Other Post Employment Benefits Liability.
Actuarial Assumptions**

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. These assumptions were adopted in 2015 and first used in the December 31, 2015 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	3.31%

Changes in the Net Other Post Employment Benefits Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/20	\$ 26,074
Changes for the year	
Service Cost	656
Interest on Total OPEB liability	973
Changes of benefit terms	0
Differences between expected and actual experience	1,487
Changes in assumption or other inputs	6,744
Benefit payments	<u>(355)</u>
Net changes	9,505
Total OPEB Liability – end of year	\$ 35,579
Total OPEB Liability as a Percentage of Covered Payroll	13.02%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the current discount rate of 3.31% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or -1 percentage point higher (4.31%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index's 20 year Municipal GO AA Index.

1% Decrease in	Discount Rate (2.31%)	Discount Rate (3.31%)	Discount Rate (4.31%)
Total OPEB liability	\$43,790	\$35,579	\$29,465

Note E. Other post-employment benefits

**SCHEDULE OF OUTFLOWS AND INFLOWS - OPEB CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2021**

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2020 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	3.9800	\$ 3,476	\$ 873	\$ 2,603
Difference in assumption changes [actuarial (gains) or losses]	3.9800	\$ 6,665	\$ 1,675	\$ 4,990
			<u>\$ 2,548</u>	<u>\$ 7,593</u>
Contributions made subsequent to measurement date		city to provide	city to provide	city to provide
Total:				<u>\$ 7,593</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2021	\$ 4,507
2022	4,200
2023	2,972
2024	-
2025	-
Thereafter	-
Total	<u>\$ 11,679</u>

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll * retiree Portion of SDB Contribution (Rate)

F. SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is June 10, 2022, the date the financials were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremond, Texas
 Budget and Actual (with Variances)
 General Fund
 For the Year ended September 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	191,667	191,667	193,259	1,592
Sales and miscellaneous taxes	254,000	254,000	225,377	(28,623)
Franchise fees	50,000	50,000	43,432	(6,568)
Fees and fines	80,000	80,000	68,710	(11,290)
Licenses and fees	400	400	4,328	3,928
Charges for services	70,000	70,000	74,638	4,638
Investment earnings	100	100	2,017	1,917
Grants	-	-	562,500	562,500
Miscellaneous	20,000	20,000	81,712	61,712
Total revenues	666,167	666,167	1,255,973	589,806
EXPENDITURES				
Current				
General government	474,430	474,430	434,798	(39,632)
Public safety	67,380	67,380	63,297	(4,083)
Highways and roads	29,000	29,000	65,641	36,641
Health and sanitation	55,000	55,000	59,024	4,024
Culture and recreation	15,000	15,000	17,437	2,437
Capital outlay	37,000	37,000	551,664	514,664
Total expenditures	677,810	677,810	1,191,861	514,051
Excess (deficiency) of revenues over expenditures	(11,643)	(11,643)	64,112	75,755
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(11,643)	(11,643)	64,112	75,755
Prior period adjustment	-	-	-	-
Fund balances - beginning	275,126	275,126	275,126	-
Fund balances - ending	\$ 263,483	\$ 263,483	\$ 339,238	\$ 75,755

City of Bremond, Texas
 Budget and Actual (with Variances)
 Revenue Fund
 For the Year ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 357,500	\$ 357,500	\$ 327,343	\$ (30,157)
Miscellaneous	-	-	-	-
Total operating revenues	<u>357,500</u>	<u>357,500</u>	<u>327,343</u>	<u>\$ (30,157)</u>
OPERATING EXPENSES				
Personnel services	151,593	151,593	139,833	11,760
Contractual services	6,800	6,800	2,850	3,950
Charges for services	-	-	-	-
Utilities	24,000	24,000	33,271	(9,271)
Repairs and maintenance	69,700	69,700	72,800	(3,100)
Storage Tank renovations Water & Sewer Grant	39,000	39,000	-	39,000
Other supplies and expenses	31,945	31,945	62,977	(31,032)
Depreciation	-	-	72,952	(72,952)
Total operating expenses	<u>323,038</u>	<u>323,038</u>	<u>384,683</u>	<u>(61,645)</u>
Operating income (loss)	<u>34,462</u>	<u>34,462</u>	<u>(57,340)</u>	<u>(91,802)</u>
NON-OPERATING REVENUES (EXPENSES)				
Capital expenditures	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Operating grants and contributions	-	-	275,000	275,000
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>
Income (loss) before contributions and transfers	<u>34,462</u>	<u>34,462</u>	<u>217,660</u>	<u>183,198</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net assets	<u>34,462</u>	<u>34,462</u>	<u>217,660</u>	<u>183,198</u>
Total net position - beginning	<u>1,547,732</u>	<u>1,547,732</u>	<u>1,547,732</u>	<u>-</u>
Total net position - end	<u>\$ 1,582,194</u>	<u>\$ 1,582,194</u>	<u>\$ 1,765,392</u>	<u>\$ 183,198</u>

CITY OF BREMOND, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)

	2016	2017	2018	2019	2020	2021
Total Pension Liability						
Service cost	\$ 26,280	\$ 32,381	\$ 32,650	\$ 32,760	\$ 34,619	\$ 34,649
Interest (on the Total Pension Liability)	35,279	38,807	43,155	46,668	51,317	55,259
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(4,421)	5,556	(14,784)	79	(9,260)	(1,625)
Change of assumptions	25,413	-	-	-	(6,740)	-
Benefit payments, including refunds of employee contributions	(16,687)	(12,663)	(12,270)	(5,780)	(17,335)	(5,780)
Net Change in Total Pension Liability	65,864	64,081	48,751	73,727	52,601	82,503
Total Pension Liability - Beginning	499,194	565,058	629,139	677,890	751,617	804,218
Total Pension Liability - Ending (a)	565,058	629,139	677,890	751,617	804,218	886,721
Plan Fiduciary Net Position						
Contributions - employer	\$ 30,827	\$ 37,217	\$ 41,239	\$ 42,812	\$ 43,576	\$ 41,541
Contributions - employee	15,304	17,343	17,940	18,042	19,127	18,209
Net investment income	510	25,404	61,412	(16,527)	91,304	55,200
Benefit payments, including refunds of employee contributions	(16,687)	(12,663)	(12,270)	(5,780)	(17,335)	(5,780)
Administrative expense	(311)	(287)	(318)	(319)	(514)	(356)
Other	(14)	(15)	(16)	(14)	(16)	(13)
Net Change in Plan Fiduciary Net Position	29,629	66,999	107,987	38,214	136,142	108,801
Plan Fiduciary Net Position - Beginning	345,880	375,509	442,508	550,494	588,708	724,850
Plan Fiduciary net Position - Ending (b)	\$ 375,509	\$ 442,508	\$ 550,495	\$ 588,708	\$ 724,850	\$ 833,651
Net Pension Liability - Ending (a) - (b)	\$ 189,549	\$ 186,631	\$ 127,395	\$ 162,909	\$ 79,368	\$ 53,070
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.45%	70.34%	81.21%	78.33%	90.13%	94.02%
Net Pension Liability as Percentage of Covered Employee Payroll	86.70%	75.33%	49.71%	63.20%	29.05%	20.40%
Covered Employee Payroll	218,634	247,754	256,280	257,749	273,239	260,124
Notes to Schedule:						
N/A						

**CITY OF BREMOND, TEXAS
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	46,131	54,560	41,239	42,812	43,576	41,541
Contributions in relation to the actuarially determined contribution	<u>46,131</u>	<u>54,560</u>	<u>41,239</u>	<u>42,812</u>	<u>43,576</u>	<u>41,541</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered employee payroll	218,634	247,754	256,280	257,749	273,239	260,124
Contribution as a percentage of covered employee payroll	21.10%	22.02%	16.09%	16.61%	15.95%	15.97%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization period	11 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

SINGLE AUDIT ACT REQUIREMENTS

**CITY OF BREMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. Department of Housing & Urban Development Community Development Block Grant – State Program Grants 14.228		7220132	\$ 62,500
U.S Department of Housing & Urban Development Community Development Block Grant – State Program Grants 14.228		7219049	\$244,530
U.S. Department of Housing & Urban Development Community Development Block Grant-State Program Grants 14.228		7219066	<u>\$484,164</u>
 TOTAL FEDERAL AWARDS			 \$791,194

CITY OF BREMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2021

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Bremond (the "City") under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

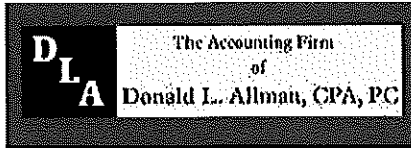
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C INDIRECT COST RATE

Not applicable

NOTE D FEDERAL AWARDS PASSED THROUGH TO SUBRECIPIENTS

Not applicable



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CERTIFIED PUBLIC ACCOUNTANT

CITY OF BREMOND

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

To the Board of Directors
City of Bremond

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 City of Bremond, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Bremond' basic financial statements, and have issued our report thereon dated June 10, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

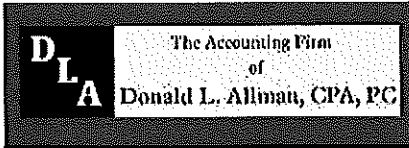
As part of obtaining reasonable assurance about whether the City of Bremond' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Donald L. Allman CPA PC

Georgetown TX
June 10, 2022



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CERTIFIED PUBLIC ACCOUNTANT

CITY OF BREMOND

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
City of Bremond

Report on Compliance for Each Major Federal Program

We have audited the City of Bremond' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bremond' major federal programs for the year ended September 30, 2021. City of Bremond' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bremond' 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).¹ 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 the City of Bremond' 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 the City of Bremond' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bremond, 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 September 30, 2021

Report on Internal Control over Compliance

Management of the City of Bremond, 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 the City of Bremond' 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 the City of Bremond' 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.

Firm's signature

Georgetown TX
June 10, 2022

**CITY OF BREMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? • None Reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? • None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
No

Identification of major programs:

CFDA # Federal Program Title – U.S. Department of Housing & Urban Development
14.228 Community Development Block Grant – State Program Grants

Dollar Threshold to identify Type A and Type B programs? \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF BREMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED FOR THE YEAR
ENDED SEPTEMBER 30, 2021**

II. Financial Statement Findings	None
III. Findings Related to Federal Awards	None

**CITY OF BREMOND
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

No prior year audit findings.

**CITY OF BREMOND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

No findings and no questioned costs so no corrective action plan.

