

**BRENHAM
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2017

Brenham Independent School District
Annual Financial Report
For The Year Ended August 31, 2017

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Introductory Section

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CERTIFICATE OF BOARD

Brenham Independent School District
Name of School District

Washington
County

239-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2017, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditors' Report

To the Board of Trustees of
Brenham Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brenham Independent School District (the "District") as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 District'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 District'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, each major fund, and the aggregate remaining fund information of the District as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, and schedule of District contributions, identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the 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 combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information 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, the schedule of expenditures of federal awards, and other supplementary information are fairly stated in all material respects in relation to the the basic financial statements as a whole.

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 10, 2018

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Management's Discussion and Analysis

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BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended August 31, 2017

This discussion and analysis of Brenham Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2017. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2017 was \$23,891,380.
- For the year, the District's general fund reported a total fund balance of \$11,898,652, of which \$11,063 is nonspendable, \$1,400,000 is committed for construction, and \$10,487,589 is unassigned. The construction capital projects fund reported a fund balance of \$2,945,583 and the QZAB for Krause Elementary capital projects fund reported a fund balance of \$3,516,565.
- At the end of the year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects funds) reported a combined ending fund balance of \$19,611,067.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- The *proprietary fund* statements provide information about the financial relationships in which the District acts in a manner similar to that of a private business. These statements include the District's nonmajor enterprise funds and the internal service fund.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. This fund includes student activity funds, the Washington County Appraisal District fund, and the private-purpose trust funds (the scholarship fund).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

Business-Type Activities – The District charges a fee to customers to help it cover all or most of the cost of services it provides in the child care programs.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

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

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

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary fund* – The District maintains two proprietary fund types. Enterprise funds are used to report the same functions presented in *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for transportation funds. The internal service funds are included within *governmental activities* in the government-wide financial statements.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

Table 1
Net Position

Description	Governmental Activities		Business-Type Activities		Total Change
	2017	2016	2017	2016	2016-2017
Current assets	\$ 23,743,143	\$ 19,818,616	\$ 42,006	\$ 48,848	\$ 3,917,685
Capital assets	55,060,904	56,128,463	-	-	(1,067,559)
Total Assets	78,804,047	75,947,079	42,006	48,848	2,850,126
Deferred charge on refunding	774,384	956,952	-	-	(182,568)
Deferred outflows - pensions	4,241,926	5,474,283	-	-	(1,232,357)
Total Deferred Outflows of Resources	5,016,310	6,431,235	-	-	(1,414,925)
Current liabilities	2,946,008	2,883,320	3,552	-	66,240
Long-term liabilities	56,503,720	54,273,451	-	-	2,230,269
Total Liabilities	59,449,728	57,156,771	3,552	-	2,296,509
Deferred inflows - pensions	517,703	1,447,042	-	-	(929,339)
Total Deferred Inflows of Resources	517,703	1,447,042	-	-	(929,339)
Net Position:					
Net invested in capital assets	18,856,696	19,574,857	-	-	(718,161)
Restricted	4,195,850	2,416,189	38,454	48,848	1,769,267
Unrestricted	800,380	1,734,607	-	-	(934,227)
Total Net Position	\$ 23,852,926	\$ 23,725,653	\$ 38,454	\$ 48,848	\$ 116,879

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position is \$23,891,380 at August 31, 2017. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2017. *Table 1* indicates the overall condition of the District increased by \$116,879. This change is due to an increase in property tax revenues and the issuance of Qualified Zone Academy Bonds Limited Maintenance Tax Notes, Taxable Series 2016.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year end August 31, 2017, the District's governmental funds reported a combined fund balance of \$19,611,067. This compares to a combined fund balance of \$15,447,744 at August 31, 2016. The fund balance in the general fund increased primarily due to an increase in property tax revenues and state foundation revenue compared to the prior year. The increase in property tax revenues is due to an increase in the tax rate and appraised values. The construction capital projects fund balance decreased due to principal payments and capital outlay during the year. The QZAB capital projects funds increased fund balance due to the issuance of Qualified Zone Academy Bonds Limited Maintenance Tax Notes, Taxable Series 2016.

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

Table 2
Changes in Net Position

	Governmental Activities		Total Change 2017-2016	Business-Type Activities	
	2017	2016		2017	2016
Revenues					
Program revenues:					
Charges for services	\$ 1,192,130	\$ 960,899	\$ 231,231	\$ 113,474	\$ 117,644
Operating grants and contributions	9,735,470	4,736,818	4,998,652	-	-
General revenues:					
Property taxes	28,390,574	27,781,041	609,533	-	-
Grants and contributions not restricted for specific programs	12,337,801	19,674,946	(7,337,145)	-	-
Investment earnings	266,276	77,163	189,113	-	-
Other revenue	628,275	809,946	(181,671)	-	-
Transfers	20,359	-	-	(20,359)	-
Total Revenue	<u>52,570,885</u>	<u>54,040,813</u>	<u>(1,490,287)</u>	<u>93,115</u>	<u>117,644</u>
Expenses					
Instruction	29,543,677	29,211,698	331,979	-	-
Instructional resources and media services	610,127	725,065	(114,938)	-	-
Curriculum and staff development	520,785	414,514	106,271	-	-
Instructional leadership	835,847	822,972	12,875	-	-
School leadership	2,482,370	2,536,800	(54,430)	-	-
Guidance, counseling, and evaluation services	1,855,113	1,861,498	(6,385)	-	-
Social work services	53,360	57,240	(3,880)	-	-
Health services	554,853	568,273	(13,420)	-	-
Student (pupil) transportation	2,173,746	1,852,807	320,939	-	-
Food services	3,055,251	3,087,231	(31,980)	-	-
Extracurricular activities	1,844,990	1,705,477	139,513	-	-
General administration	2,001,496	1,939,739	61,757	-	-
Plant maintenance and operations	4,517,279	4,788,247	(270,968)	-	-
Security and monitoring services	285,378	293,025	(7,647)	-	-
Data processing services	717,794	803,563	(85,769)	-	-
Community services	163,872	126,033	37,839	103,509	109,475
Interest on long-term debt	1,150,174	1,128,083	22,091	-	-
Bond issuance costs and fees	77,500	498,298	(420,798)	-	-
Total Expenses	<u>52,443,612</u>	<u>52,420,563</u>	<u>23,049</u>	<u>103,509</u>	<u>109,475</u>
Change in Net Position	127,273	1,620,250	(1,492,977)	(10,394)	8,169
Beginning net position	23,725,653	22,105,403	1,620,250	48,848	40,679
Ending Net Position	<u>\$ 23,852,926</u>	<u>\$ 23,725,653</u>	<u>\$ 127,273</u>	<u>\$ 38,454</u>	<u>\$ 48,848</u>

BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

During the period ended August 31, 2017, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were material changes between the original budget and the final amended budget due to budget amendments for the purchase of three buses. The general fund's actual revenues exceeded budgeted revenues by \$675,036 due to greater than anticipated federal revenue and local revenues. The budgeted expenditures exceeded actual expenditures by \$655,092 due to expended less in instruction, instructional resources and media services, and plant maintenance and operations.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the year, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At year end, the District had a total of \$55,060,903 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$1,479,687 invested during the fiscal year ended August 31, 2017.

Major capital asset events during the year included the following:

- Completion of central office remodel for \$52,766
- Completion of Early Childhood Learning Center remodel for \$550,579
- Construction in progress at Krause Elementary School for \$437,685
- Purchase of Ford Expedition for \$39,126
- Purchase of 3 buses for \$266,814
- Purchase of Chevy truck for \$11,000

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had \$38,034,202 in general obligation bonds outstanding versus \$35,905,398 last year. The net increase of \$2,128,804 is due to the issuance of Qualified Zone Academy Limited Maintenance Tax Notes, Series 2016 partially offset by current year principal payments.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted general fund expenditures for the 2017-2018 school year total \$42,795,771 and the District's Board of Trustees adopted an M & O tax rate of \$1.04 and an I & S rate of \$0.085 for a combined rate of \$1.125 per \$100 of valuation.

BRENHAM
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2017

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the District's finances and to demonstrate the District's commitment to accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent at 711 E. Mansfield, Brenham, Texas 77833 or by calling (979) 277-3710.

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Basic Financial Statements

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BRENHAM INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 AUGUST 31, 2017

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110	\$ 5,374,020	\$ 42,006	\$ 5,416,026
1120	16,178,785	--	16,178,785
1220	1,746,362	--	1,746,362
1230	(345,982)	--	(345,982)
1240	760,269	--	760,269
1267	3,737	--	3,737
1290	14,890	--	14,890
1300	7,806	--	7,806
1410	3,257	--	3,257
Capital Assets:			
1510	2,835,660	--	2,835,660
1520	51,134,396	--	51,134,396
1530	288,320	--	288,320
1530	364,842	--	364,842
1580	437,685	--	437,685
1000	<u>78,804,047</u>	<u>42,006</u>	<u>78,846,053</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1700	774,384	--	774,384
1705	4,241,926	--	4,241,926
1700	<u>5,016,310</u>	<u>--</u>	<u>5,016,310</u>
LIABILITIES:			
2110	163,425	--	163,425
2140	214,311	--	214,311
2165	2,382,975	3,552	2,386,527
2177	19,885	--	19,885
2190	73,584	--	73,584
2300	91,828	--	91,828
Noncurrent Liabilities:			
2501	1,846,204	--	1,846,204
2502	45,677,007	--	45,677,007
2540	8,980,509	--	8,980,509
2000	<u>59,449,728</u>	<u>3,552</u>	<u>59,453,280</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	517,703	--	517,703
2600	<u>517,703</u>	<u>--</u>	<u>517,703</u>
NET POSITION:			
3200	18,856,696	--	18,856,696
Restricted For:			
3820	171,567	--	171,567
3860	589,257	--	589,257
3860	3,167,846	--	3,167,846
3890	267,180	--	267,180
3900	800,380	38,454	838,834
3000	<u>\$ 23,852,926</u>	<u>\$ 38,454</u>	<u>\$ 23,891,380</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	<i>Instruction</i>	\$ 29,543,677	\$ 233,193	\$ 4,757,639
12	<i>Instructional Resources and Media Services</i>	610,127	4,796	67,227
13	<i>Curriculum and Staff Development</i>	520,785	--	184,263
21	<i>Instructional Leadership</i>	835,847	--	141,959
23	<i>School Leadership</i>	2,482,370	--	327,553
31	<i>Guidance, Counseling, & Evaluation Services</i>	1,855,113	--	659,816
32	<i>Social Work Services</i>	53,360	--	7,152
33	<i>Health Services</i>	554,853	--	61,865
34	<i>Student Transportation</i>	2,173,746	--	254,604
35	<i>Food Service</i>	3,055,251	760,003	2,017,662
36	<i>Cocurricular/Extracurricular Activities</i>	1,844,990	144,761	150,188
41	<i>General Administration</i>	2,001,496	--	266,047
51	<i>Facilities Maintenance and Operations</i>	4,517,279	--	589,786
52	<i>Security and Monitoring Services</i>	285,378	--	38,620
53	<i>Data Processing Services</i>	717,794	--	123,032
61	<i>Community Services</i>	163,872	49,377	26,809
72	<i>Interest on Long-term Debt</i>	1,150,174	--	61,248
73	<i>Bond Issuance Costs and Fees</i>	77,500	--	--
TG	Total Governmental Activities	<u>52,443,612</u>	<u>1,192,130</u>	<u>9,735,470</u>
	Business-type Activities:			
01	<i>Latchkey Enterprise</i>	58,469	70,527	--
02	<i>BISD Child Development Center</i>	45,040	42,947	--
TB	Total Business-type Activities	<u>103,509</u>	<u>113,474</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 52,547,121</u>	<u>\$ 1,305,604</u>	<u>\$ 9,735,470</u>
	General Revenues:			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Service</i>			
IE	<i>Investment Earnings</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
MI	<i>Miscellaneous</i>			
FR	<i>Transfers</i>			
TR	Total General Revenues and Transfers			
CN	Change in Net Position			
NB	Net Position - Beginning			
PA	Prior Period Adjustment			
	Net Position - Beginning, as Restated			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (24,552,845)	\$ --	\$ (24,552,845)
(538,104)	--	(538,104)
(336,522)	--	(336,522)
(693,888)	--	(693,888)
(2,154,817)	--	(2,154,817)
(1,195,297)	--	(1,195,297)
(46,208)	--	(46,208)
(492,988)	--	(492,988)
(1,919,142)	--	(1,919,142)
(277,586)	--	(277,586)
(1,550,041)	--	(1,550,041)
(1,735,449)	--	(1,735,449)
(3,927,493)	--	(3,927,493)
(246,758)	--	(246,758)
(594,762)	--	(594,762)
(87,686)	--	(87,686)
(1,088,926)	--	(1,088,926)
(77,500)	--	(77,500)
<u>(41,516,012)</u>	<u>--</u>	<u>(41,516,012)</u>
--	12,058	12,058
--	(2,093)	(2,093)
--	9,965	9,965
<u>(41,516,012)</u>	<u>9,965</u>	<u>(41,506,047)</u>
26,010,185	--	26,010,185
2,380,389	--	2,380,389
266,276	--	266,276
12,337,801	--	12,337,801
628,275	--	628,275
20,359	(20,359)	--
<u>41,643,285</u>	<u>(20,359)</u>	<u>41,622,926</u>
127,273	(10,394)	116,879
24,161,888	--	24,161,888
(436,235)	48,848	(387,387)
23,725,653	48,848	23,774,501
<u>\$ 23,852,926</u>	<u>\$ 38,454</u>	<u>\$ 23,891,380</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2017

Data Control Codes	10 <u>General Fund</u>	60 <u>Construction</u>	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 3,766,365	\$ 351,468
1120	Current Investments	9,739,658	2,594,115
1220	Property Taxes Receivable	1,579,249	--
1230	Allowance for Uncollectible Taxes	(306,540)	--
1240	Due from Other Governments	602,884	--
1260	Due from Other Funds	158,877	--
1290	Other Receivables	14,790	--
1300	Inventories	7,806	--
1410	Prepaid Items	3,257	--
1000	Total Assets	<u>\$ 15,566,346</u>	<u>\$ 2,945,583</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 163,286	\$ --
2150	Payroll Deductions & Withholdings	711	--
2160	Accrued Wages Payable	2,230,986	--
2170	Due to Other Funds	--	--
2190	Due to Student Groups	--	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	<u>2,394,983</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES:			
2600	Unavailable Revenue for Property Taxes	1,272,711	--
2600	Total Deferred Inflows of Resources	<u>1,272,711</u>	<u>--</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	7,806	--
3430	Prepaid Items	3,257	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions & Contractual Obligations	--	2,945,583
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	1,400,000	--
3600	Unassigned	10,487,589	--
3000	Total Fund Balances	<u>11,898,652</u>	<u>2,945,583</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,566,346</u>	<u>\$ 2,945,583</u>

The accompanying notes are an integral part of this statement.

60 QZAB for Krause Elementary	Other Governmental Funds	98 Total Governmental Funds
\$ 116,565	\$ 1,139,623	\$ 5,374,021
3,400,000	445,012	16,178,785
--	167,112	1,746,361
--	(39,442)	(345,982)
--	157,385	760,269
--	--	158,877
--	100	14,890
--	--	7,806
--	--	3,257
<u>\$ 3,516,565</u>	<u>\$ 1,869,790</u>	<u>\$ 23,898,284</u>
\$ --	\$ 139	\$ 163,425
--	--	711
--	151,278	2,382,264
--	175,024	175,024
--	73,584	73,584
--	91,828	91,828
<u>--</u>	<u>491,853</u>	<u>2,886,836</u>
--	127,670	1,400,381
<u>--</u>	<u>127,670</u>	<u>1,400,381</u>
--	--	7,806
--	--	3,257
--	171,567	171,567
3,516,565	222,263	6,684,411
--	589,257	589,257
--	267,180	267,180
--	--	1,400,000
--	--	10,487,589
<u>3,516,565</u>	<u>1,250,267</u>	<u>19,611,067</u>
<u>\$ 3,516,565</u>	<u>\$ 1,869,790</u>	<u>\$ 23,898,284</u>

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BRENHAM INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2017*

Total fund balances - governmental funds balance sheet	\$ 19,611,067
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	55,060,903
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,400,381
Payables for bond principal which are not due in the current period are not reported in the funds.	(46,748,827)
Payables for bond interest which are not due in the current period are not reported in the funds.	(214,311)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(8,980,509)
Deferred inflows of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds.	(517,703)
Deferred outflows of resources related to TRS are not reported in the funds.	<u>4,241,926</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 23,852,926</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10	60
	General Fund	Construction
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 26,710,201	\$ 226,769
5800 <i>State Program Revenues</i>	14,303,377	--
5900 <i>Federal Program Revenues</i>	921,699	--
5020 <i>Total Revenues</i>	<u>41,935,277</u>	<u>226,769</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	23,930,119	--
0012 <i>Instructional Resources and Media Services</i>	471,481	--
0013 <i>Curriculum and Staff Development</i>	333,352	--
0021 <i>Instructional Leadership</i>	720,678	--
0023 <i>School Leadership</i>	2,264,945	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,153,117	--
0032 <i>Social Work Services</i>	50,567	--
0033 <i>Health Services</i>	512,510	--
0034 <i>Student Transportation</i>	2,157,098	--
0035 <i>Food Service</i>	65,126	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,597,150	--
0041 <i>General Administration</i>	1,888,677	--
0051 <i>Facilities Maintenance and Operations</i>	4,314,277	--
0052 <i>Security and Monitoring Services</i>	282,911	--
0053 <i>Data Processing Services</i>	655,516	--
0061 <i>Community Services</i>	150,941	--
0071 <i>Principal on Long-term Debt</i>	300,000	138,577
0072 <i>Interest on Long-term Debt</i>	22,500	4,400
0073 <i>Bond Issuance Costs and Fees</i>	1,000	750
0081 <i>Capital Outlay</i>	--	83,585
6030 <i>Total Expenditures</i>	<u>40,871,965</u>	<u>227,312</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>		
1100 <i>Expenditures</i>	<u>1,063,312</u>	<u>(543)</u>
Other Financing Sources and (Uses):		
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	--
7915 <i>Transfers In</i>	34,479	--
8911 <i>Transfers Out</i>	(47,024)	--
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(12,545)</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>	<u>1,050,767</u>	<u>(543)</u>
0100 <i>Fund Balances - Beginning</i>	10,847,885	2,946,126
1300 <i>Prior Period Adjustment</i>	--	--
<i>Fund Balances - Beginning, as Restated</i>	10,847,885	2,946,126
3000 <i>Fund Balances - Ending</i>	<u>\$ 11,898,652</u>	<u>\$ 2,945,583</u>

The accompanying notes are an integral part of this statement.

60 QZAB for Krause Elementary	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 3,334,080	\$ 30,271,050
--	695,133	14,998,510
--	4,272,465	5,194,164
<u>--</u>	<u>8,301,678</u>	<u>50,463,724</u>
--	2,258,743	26,188,862
--	34,268	505,749
--	136,627	469,979
--	68,049	788,727
--	37,533	2,302,478
--	515,870	1,668,987
--	--	50,567
--	13,233	525,743
--	--	2,157,098
--	2,696,956	2,762,082
--	--	1,597,150
--	--	1,888,677
--	--	4,314,277
--	--	282,911
--	41,510	697,026
--	5,355	156,296
--	1,462,619	1,901,196
--	890,895	917,795
75,750	--	77,500
437,685	550,579	1,071,849
<u>513,435</u>	<u>8,712,237</u>	<u>50,324,949</u>
<u>(513,435)</u>	<u>(410,559)</u>	<u>138,775</u>
4,030,000	--	4,030,000
--	7,093	41,572
--	--	(47,024)
<u>4,030,000</u>	<u>7,093</u>	<u>4,024,548</u>
3,516,565	(403,466)	4,163,323
--	2,152,031	15,946,042
--	(498,298)	(498,298)
--	1,653,733	15,447,744
<u>\$ 3,516,565</u>	<u>\$ 1,250,267</u>	<u>\$ 19,611,067</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017*

Net change in fund balances - total governmental funds	\$ 4,163,323
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	1,479,686
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,547,246)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	206,206
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,901,196
Deferred charges and similar items are amortized in the SOA but not in the funds.	89,905
The accretion of interest on capital appreciation bonds is not reported in the funds.	(340,237)
(Increase) decrease in accrued interest from beginning of period to end of period.	17,952
The net revenue (expense) of internal service funds is reported with governmental activities.	21,506
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,030,000)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred outflows of resources.	1,880,597
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	<u>(2,715,616)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 127,273</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AUGUST 31, 2017

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund <hr/> Transportation Fund
	ASSETS:		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 42,006	\$ --
	Total Current Assets	<u>42,006</u>	<u>--</u>
1000	Total Assets	<u>42,006</u>	<u>--</u>
	LIABILITIES:		
	Current Liabilities:		
2160	<i>Accrued Wages Payable</i>	3,552	--
	Total Current Liabilities	<u>3,552</u>	<u>--</u>
2000	Total Liabilities	<u>3,552</u>	<u>--</u>
	NET POSITION:		
3900	<i>Unrestricted</i>	38,454	--
3000	Total Net Position	<u>\$ 38,454</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Nonmajor Enterprise Funds	Nonmajor Internal Service Fund Transportation Fund
OPERATING REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 113,474	\$ 3,000
5020 Total Revenues	<u>113,474</u>	<u>3,000</u>
OPERATING EXPENSES:		
6100 <i>Payroll Costs</i>	97,718	--
6200 <i>Professional and Contracted Services</i>	--	5,681
6300 <i>Supplies and Materials</i>	2,964	1,624
6400 <i>Other Operating Costs</i>	2,827	--
6030 Total Expenses	<u>103,509</u>	<u>7,305</u>
Income (Loss) before Contributions and Transfers	9,965	(4,305)
7915 <i>Transfers In</i>	14,120	25,811
8911 <i>Transfers Out</i>	(34,479)	--
1300 Change in Net Position	<u>(10,394)</u>	<u>21,506</u>
0100 Total Net Position - Beginning	48,848	(21,506)
3300 Total Net Position - Ending	<u>\$ 38,454</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED AUGUST 31, 2017

	Nonmajor Enterprise Funds	Internal Service Funds
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 113,474	\$ --
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	--	3,000
<i>Cash Payments to Employees for Services</i>	<u>(103,221)</u>	<u>(7,305)</u>
Net Cash Provided (Used) by Operating Activities	<u>10,253</u>	<u>(4,305)</u>
Cash Flows from Non Capital Financing Activities:		
<i>Transfers From (To) Primary Government</i>	<u>(20,359)</u>	<u>25,811</u>
Net Cash Provided (Used) by Non Capital Financing Activities	<u>(20,359)</u>	<u>25,811</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,106)	21,506
Cash and Cash Equivalents at Beginning of Year	52,112	(21,506)
Cash and Cash Equivalents at End of Year	<u>\$ 42,006</u>	<u>\$ --</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 9,965	\$ (4,305)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities:		
<i>Increase (Decrease) in Accrued Wages Payable</i>	<u>288</u>	<u>--</u>
Total Adjustments	<u>288</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,253</u>	<u>\$ (4,305)</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2017

Data Control Codes	Private- Purpose Trust Trust Funds Scholarship Fund	Agency Funds
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 523,684
1120 <i>Current Investments</i>	37,105	204,598
1260 <i>Due from Other Funds</i>	--	19,884
1000 Total Assets	<u>37,105</u>	<u>748,166</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	--	1,000
2170 <i>Due to Other Funds</i>	3,737	--
2180 <i>Due to Other Governments</i>	--	253,807
2190 <i>Due to Student Groups</i>	--	493,359
2000 Total Liabilities	<u>3,737</u>	<u>748,166</u>
NET POSITION:		
3800 <i>Held in Trust</i>	33,368	--
3000 Total Net Position	<u>\$ 33,368</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 907
Employer Contributions	52,518
Total Additions	<u>53,426</u>
Deductions:	
Scholarship Awards	<u>20,058</u>
Total Deductions	<u>20,058</u>
Change in Net Position	33,368
Net Position-Beginning of the Year	--
Net Position-End of the Year	<u>\$ 33,368</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The District reports the following major governmental funds:

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

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Capital Projects Funds: These capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Construction Fund and the QZAB for Krause Elementary Fund are considered major funds for reporting purposes.

In addition, the District reports the following fund types:

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Fund: Fund 617 Construction Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Funds: These funds are used to account for revenues and expenditures related to grant awards and entitlements from federal, state, and local agencies. These funds are primarily on a reimbursement basis. Nearly all of these funds cannot carry a fund balance and, other than the food service fund, none of these is legally required to have an adopted budget.

Proprietary Funds: These funds account for services that are generally fully supported by user fees. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long-term information. The District has two nonmajor enterprise funds that fits this category.

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies, as well as instructional supplies.

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

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-40
Vehicles	10
Equipment	5-18

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement, *deferred outflows of resources*, represents a consumption of net position that applies to one or more future periods and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The District has six items that qualify for reporting in this category on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of related to the District's defined benefit plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows resources*, represents an acquisition of net position that applies to one or more future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category in the government-wide statement of net position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined pension plan. These amounts are amortized over the average of the expected service lives of pension plan members. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the District has only one type of item, which arises only a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

f. Receivable and Payable Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

m. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

4. Pensions

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

Violation

Expenditures in excess of appropriations in functions 23, 31, 41, and transfers out of the General Fund.

Action Taken

The District will amend the budget during the year in anticipation of final expenditures.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,254,162 and the bank balance was \$17,925,607. The District's cash deposits at August 31, 2017, and during the year ended August 31, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at August 31, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Texas Class	\$ 5,490,438	-
TexPool	824,849	-
Lone Star	789,303	-
Certificates of Deposit	9,315,887	0.66
Total Investments	<u>\$ 16,420,477</u>	
Portfolio weighted average maturity		0.38

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2017, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment or Investment Type</u>	<u>Administrator</u>	<u>Rating</u>
Texas Class	Public Advisors, LLC	AAAm*
TexPool	Federated Investors, Inc	AAAm*
Lone Star	First Public, LLC	AAA*

*Rated by Standard & Poor's Investor Services

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Investment Accounting Policy

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

Public Funds Investment Pools

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

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of \$1.00 and the Corporate Overnight Plus maintains a net asset value of \$0.50.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

TexPool

The District invests in the Texas Local Government Investment Pool ("TexPool"), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board (the "Board") to advise with respect to TexPool. The Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool and are qualified to advise in respect to TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated 'AAAm' by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust - Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, N.A. as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from

D. Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,835,660	\$ --	\$ --	\$ 2,835,660
Construction in progress	--	437,685	--	437,685
Total capital assets not being depreciated	<u>2,835,660</u>	<u>437,685</u>	<u>--</u>	<u>3,273,345</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	91,909,156	603,345	--	92,512,501
Equipment	3,628,814	121,717	--	3,750,531
Vehicles	3,060,423	316,940	--	3,377,363
Total capital assets being depreciated	<u>98,598,393</u>	<u>1,042,002</u>	<u>--</u>	<u>99,640,395</u>
Less accumulated depreciation for:				
Buildings and improvements	(39,361,196)	(2,016,909)	--	(41,378,105)
Equipment	(3,183,198)	(279,014)	--	(3,462,212)
Vehicles	(2,761,196)	(251,324)	--	(3,012,520)
Total accumulated depreciation	<u>(45,305,590)</u>	<u>(2,547,247)</u>	<u>--</u>	<u>(47,852,837)</u>
Total capital assets being depreciated, net	<u>53,292,803</u>	<u>(1,505,245)</u>	<u>--</u>	<u>51,787,559</u>
Governmental activities capital assets, net	<u>\$ 56,128,463</u>	<u>\$ (1,067,561)</u>	<u>\$ --</u>	<u>\$ 55,060,903</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Depreciation was charged to functions as follows:

Instruction	\$ 1,607,204
Instructional Resources and Media Services	76,335
Curriculum and Staff Development	17,056
Instructional Leadership	27,283
School Leadership	17,056
Student Transportation	279,157
Food Services	134,628
Extracurricular Activities	181,443
General Administration	27,935
Plant Maintenance and Operations	108,491
Data Processing Services	70,658
	<u>\$ 2,547,246</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2017 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 155,140	Short-term loans
General Fund	Private-Purpose Trust Fund	3,737	Short-term loans
Agency Fund	Other Governmental Funds	19,884	Short-term loans
	Total	<u>\$ 178,761</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2017 consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Internal Service Fund	\$ 25,811	Supplement other funds sources
General Fund	Enterprise Fund	14,120	Supplement other funds sources
Enterprise Fund	General Fund	34,479	Supplement other funds sources
General Fund	Other Governmental Fund	7,093	Supplement other funds sources
	Total	<u>\$ 81,503</u>	

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
MTN, Series 2003	\$ 277,154	\$ --	\$ (138,577)	\$ 138,577	\$ 138,577
QSCB MTN, Series 2010 Unlimited Tax Schools Building and Refunding Bonds, Series 2012	2,400,000	--	(300,000)	2,100,000	300,000
Refunding, Series 2014	32,009,374	--	(863,120)	31,146,254	1,044,163
QZAB MTN, Series 2016	1,218,870	--	(599,499)	619,371	363,464
	--	4,030,000	--	4,030,000	--
Total bonds and notes	<u>\$ 35,905,398</u>	<u>\$ 4,030,000</u>	<u>\$ (1,901,196)</u>	<u>\$ 38,034,202*</u>	<u>\$ 1,846,204</u>
<u>Other liabilities:</u>					
Net issuance premiums (discounts)	\$ 2,733,428	--	\$ (272,474)	\$ 2,460,954*	--
Accreted interest	6,687,818	340,237	--	7,028,055	--
Net pension liability	8,448,509	532,000	--	8,980,509	--
Total governmental activities	<u>\$ 53,775,154</u>	<u>\$ 4,902,237</u>	<u>\$ (2,173,670)</u>	<u>\$ 56,503,720</u>	<u>\$ 1,846,204</u>
				Long-term liabilities due in more than one year	\$ <u>54,657,515</u>
				*Debt associated with capital assets	\$ <u>40,495,156</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Current requirements for principal and interest expenditures are accounted for in the General Fund, Debt Service Funds, and the Capital Projects Fund. These bonds and notes were issued as school building bonds, refunding bonds, qualified school construction bonds (QSCB) maintenance tax notes, and qualified zone academy bonds (QZAB) limited maintenance tax notes. Interest rates on the bonds and notes are 1.60% for Series 2003, 1.00% for Series 2010, 2.75% to 3.125% for Series 2012, 1.00% to 1.65% for Series 2014, and 4.19% for Series 2016. Interest expense was \$917,795 for the year ended August 31, 2017.

The District issued the Brenham Independent School District Qualified Zone Academy Limited Maintenance Tax Notes, Taxable Series 2016 ("Tax Credit Notes") dated October 1, 2016 in the amount of \$4,030,000. These notes are for the purpose of providing funds to pay the costs of (i) rehabilitation and repair of public school facilities as qualified zone academies and equipment related thereto, including the replacement of HVAC, flooring and lighting, installation of information technology control systems (hardware and software), renovation of restrooms, and rehabilitation of the roof; and (ii) payment of professional services related to the projects. The Tax Credit Notes shall be issued as fully registered obligations and have principal installments of \$160,000 on August 15, 2019 through 2031.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017 are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,407,627	\$ 915,887	\$ 2,323,514
2019	1,379,625	963,889	2,343,514
2020	1,293,736	1,084,778	2,378,514
2021	1,229,832	1,143,682	2,373,514
2022	1,173,658	1,204,856	2,378,514
2023-2027	5,537,825	6,141,425	11,679,250
2028-2032	6,705,128	4,928,489	11,633,617
2033-2037	5,443,217	6,260,302	11,703,519
2038-2042	6,094,977	5,216,710	11,311,687
2043-2047	1,500,000	26,250	1,526,250
Totals	\$ 31,765,625	\$ 27,886,267	\$ 59,651,892

Year Ending August 31,	Maintenance Tax Notes		
	Principal	Interest	Total
2018	\$ 438,577	\$ 28,300	\$ 466,877
2019	460,000	16,500	476,500
2020	460,000	13,500	473,500
2021	460,000	10,500	470,500
2022	460,000	7,500	467,500
2023-2027	2,240,000	6,000	2,246,000
2028-2032	1,750,000	--	1,750,000
Totals	\$ 6,268,577	\$ 82,300	\$ 6,350,877

G. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rent expenditures recognized by the District during the fiscal year ended 2017 were \$240,523.

H. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2017

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the 5 highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the 3 highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%

District's 2017 Employer Contributions	\$	755,080
District's 2017 Member Contributions	\$	699,568
NECE 2017 On-Behalf Contributions to District	\$	1,526,698

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2017

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

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

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

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term Expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the Year	None
Ad hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four-year period ending August 31, 2014 and adopted on September 24, 2015.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2016 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2016			
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	-	1.8%	-
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	-
Real Return			
Global Inflation Linked Bonds	3%	0.9%	-
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	-	1.2%	-
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	-	-	2.2%
Alpha	-	-	1.0%
Total	100%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 net pension liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ <u>13,898,803</u>	\$ <u>8,980,509</u>	\$ <u>4,808,802</u>

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

At August 31, 2017, the District reported a liability of \$8,980,509 for its proportionate share of TRS' net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 8,980,509
State's proportionate share that is associated with the District	<u>18,121,670</u>
Total	<u>\$ 27,102,179</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016, the District's proportion of the collective net pension liability was 0.0237652%, which was a decrease of 0.0001353% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2017, the District recognized pension expense of \$1,880,597 and revenue of \$1,880,597 for support provided by the State.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

At August 31, 2017, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 140,813	\$ 268,153
Changes in actuarial assumptions	273,710	248,928
Difference between projected and actual investment earnings	760,451	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,347,101	622
Contributions paid to TRS subsequent to the measurement date	719,851	--
Total	<u>\$ 4,241,926</u>	<u>\$ 517,703</u>

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

Year Ended August 31	Pension Expense
2018	\$ 538,197
2019	538,197
2020	1,023,249
2021	500,927
2022	346,252
Thereafter	57,550
Total	<u>\$ 3,004,372</u>

J. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and Required Supplementary Information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading; by writing to the Communications Department of TRS at 1000 Red River Street, Austin, Texas 78701; or by calling the TRS Communications Department at 1-800-223-8778.

BRENHAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2017, 2016, and 2015. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016, and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$21,287, \$21,325, and \$19,681, respectively; the active member contributions were \$184,335, \$180,757, and \$176,119, respectively; and the District's contributions were \$155,975, \$152,948, and \$149,023, respectively; which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$84,487, \$106,495, and \$110,281, respectively.

K. Employee Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$300 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2017, and terms of coverage and premium costs are included in the contractual provisions.

L. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2017.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2017

M. Unemployment Compensation

During the year ended August 31, 2017, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated therefore, there is no need for specific or aggregate stop-loss coverage for unemployment compensation pool members. For the year ended August 31, 2017, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2016 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

N. Workers' Compensation

During the year ended August 31, 2017, the District provided worker's compensation coverage to its employees through participation in the Deep East Texas Self Insurance Fund (the "Fund"). The District had no claims liability at year end.

The District was provided stop-loss insurance through the Fund. Reinsurance coverage was in effect for any claim that reaches \$1,100,000 with no upper limit.

O. Prior Period Adjustment

The District has restated beginning net position/fund balance for a prior principal payment that was expensed at the government-wide level and has restated fund balance for the capital projects fund to clear an adjustment from a prior year.

	617 Capital Projects Fund	Governmental Activities
Beginning Net Position/Fund Balance	\$ 1,239,179	\$ 24,161,888
Long-term debt	--	110,911
Capital projects adjustment	(498,298)	(498,298)
Reclassification of enterprise funds	--	(48,848)
Beginning Net Position/Fund Balance-Restated	<u>\$ 740,881</u>	<u>\$ 23,725,653</u>

The District restated for the reclassification of the funds listed below:

	Latchkey Fund	Brenham Childhood Development	Business- Type Activities	Internal Service Fund
Prior year ending net position	\$ --	\$ --	\$ --	\$ 27,342
Restatement - reclassification of fund types	60,875	(12,027)	48,848	(48,848)
Beginning Net Position - Restated	<u>\$ 60,875</u>	<u>\$ (12,027)</u>	<u>\$ 48,848</u>	<u>\$ (21,506)</u>

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Required Supplementary Information

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 26,257,351	\$ 26,370,354	\$ 26,710,201	\$ 339,847
5800	State Program Revenues	13,745,937	14,241,887	14,303,377	61,490
5900	Federal Program Revenues	648,000	648,000	921,699	273,699
5020	Total Revenues	<u>40,651,288</u>	<u>41,260,241</u>	<u>41,935,277</u>	<u>675,036</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	23,524,458	24,023,518	23,930,119	93,399
0012	Instructional Resources and Media Services	568,448	638,450	471,481	166,969
0013	Curriculum and Staff Development	335,850	337,350	333,352	3,998
	Total Instruction & Instr. Related Services	<u>24,428,756</u>	<u>24,999,318</u>	<u>24,734,952</u>	<u>264,366</u>
Instructional and School Leadership:					
0021	Instructional Leadership	710,833	731,333	720,678	10,655
0023	School Leadership	2,262,148	2,263,898	2,264,945	*(1,047)
	Total Instructional & School Leadership	<u>2,972,982</u>	<u>2,995,232</u>	<u>2,985,623</u>	<u>9,609</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,206,197	1,152,197	1,153,117	*(920)
0032	Social Work Services	53,726	54,226	50,567	3,659
0033	Health Services	523,236	526,735	512,510	14,225
0034	Student (Pupil) Transportation	1,821,200	2,163,014	2,157,098	5,916
0035	Food Services	36,000	71,000	65,126	5,874
0036	Cocurricular/Extracurricular Activities	1,555,662	1,600,662	1,597,150	3,512
	Total Support Services - Student (Pupil)	<u>5,196,021</u>	<u>5,567,834</u>	<u>5,535,568</u>	<u>32,266</u>
Administrative Support Services:					
0041	General Administration	1,870,544	1,885,544	1,888,677	*(3,133)
	Total Administrative Support Services	<u>1,870,544</u>	<u>1,885,544</u>	<u>1,888,677</u>	<u>(3,133)</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,710,407	4,603,150	4,314,277	288,873
0052	Security and Monitoring Services	299,057	299,057	282,911	16,146
0053	Data Processing Services	673,129	675,529	655,516	20,013
	Total Support Services - Nonstudent Based	<u>5,682,592</u>	<u>5,473,057</u>	<u>5,252,704</u>	<u>325,032</u>
Ancillary Services:					
0061	Community Services	176,893	177,893	150,941	26,952
	Total Ancillary Services	<u>176,893</u>	<u>177,893</u>	<u>150,941</u>	<u>26,952</u>
Debt Service:					
0071	Principal on Long-Term Debt	300,000	300,000	300,000	--
0072	Interest on Long-Term Debt	22,500	22,500	22,500	--
0073	Bond Issuance Costs and Fees	1,000	1,000	1,000	--
	Total Debt Service	<u>323,500</u>	<u>323,500</u>	<u>323,500</u>	<u>--</u>
6030	Total Expenditures	<u>40,651,288</u>	<u>41,527,057</u>	<u>40,871,965</u>	<u>655,092</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(266,816)	1,063,312	796,496

BRENHAM INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts			Actual		
	Original	Final				
Other Financing Sources (Uses):						
7915	Transfers In		--	--	34,479	34,479
8911	Transfers Out		--	--	(47,024)	*(47,024)
7080	Total Other Financing Sources and (Uses)		--	--	(12,545)	(12,545)
1200	Net Change in Fund Balance		--	(266,816)	1,050,767	783,951
0100	Fund Balance - Beginning		10,847,885	10,847,885	10,847,885	--
3000	Fund Balance - Ending		\$ 10,847,885	\$ 10,703,621	\$ 11,898,652	\$ 1,195,031

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2* Expenditures exceeded appropriations at the legal level of control.

BRENHAM INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST TEN FISCAL YEARS **

	Measurement Year*		
	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0237652%	0.0239005%	0.0133948%
District's proportionate share of the net pension liability (asset) \$	8,980,509	8,448,509	3,577,936
State's proportionate share of the net pension liability (asset) associated with the District	18,121,670	17,976,490	16,050,650
Total	<u>\$ 27,102,179</u>	<u>\$ 26,424,999</u>	<u>\$ 19,628,586</u>
District's covered employee payroll**	\$ 27,808,701	\$ 27,095,156	\$ 27,119,270
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	32.29%	31.18%	13.19%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

* Only three years' worth of information is currently available.

**As of measurement date.

Notes to Required Supplementary Information:*Changes of Assumptions*

There were no changes in assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

Changes of Benefits

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
 LAST TEN FISCAL YEARS *

EXHIBIT G-3

	Fiscal Year			
	2017	2016	2015	2014
Contractually required contribution	\$ 719,851	\$ 755,079	\$ 707,663	\$ 339,596
Contributions in relation to the contractually required contribution	719,851	755,079	707,663	339,596
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 28,359,156	\$ 27,808,701	\$ 27,095,156	\$ 27,119,270
Contributions as a percentage of covered employee payroll	2.54%	2.72%	2.61%	1.25%

*Only four years of information is currently available. The District will build this schedule over the next six years.

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Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2017

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Construction Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 540,395	\$ 415,729	\$ 183,499	\$ 1,139,623
1120	Current Investments	232,720	173,528	38,764	445,012
1220	Property Taxes Receivable	--	167,112	--	167,112
1230	Allowance for Uncollectible Taxes	--	(39,442)	--	(39,442)
1240	Due from Other Governments	157,385	--	--	157,385
1290	Other Receivables	100	--	--	100
1000	Total Assets	<u>\$ 930,600</u>	<u>\$ 716,927</u>	<u>\$ 222,263</u>	<u>\$ 1,869,790</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 139	\$ --	\$ --	\$ 139
2160	Accrued Wages Payable	151,278	--	--	151,278
2170	Due to Other Funds	175,024	--	--	175,024
2190	Due to Student Groups	73,584	--	--	73,584
2300	Unearned Revenue	91,828	--	--	91,828
2000	Total Liabilities	<u>491,853</u>	<u>--</u>	<u>--</u>	<u>491,853</u>
DEFERRED INFLOWS OF RESOURCES:					
2600	Unavailable Revenue for Property Taxes	--	127,670	--	127,670
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>127,670</u>	<u>--</u>	<u>127,670</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	171,567	--	--	171,567
3470	Capital Acquisitions & Contractual Obligations	--	--	222,263	222,263
3480	Retirement of Long-Term Debt	--	589,257	--	589,257
3490	Other Restrictions of Fund Balance	267,180	--	--	267,180
3000	Total Fund Balances	<u>438,747</u>	<u>589,257</u>	<u>222,263</u>	<u>1,250,267</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 930,600</u>	<u>\$ 716,927</u>	<u>\$ 222,263</u>	<u>\$ 1,869,790</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Construction Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 928,515	\$ 2,373,604	\$ 31,961	\$ 3,334,080
5800 <i>State Program Revenues</i>	633,885	61,248	--	695,133
5900 <i>Federal Program Revenues</i>	4,272,465	--	--	4,272,465
5020 <i>Total Revenues</i>	<u>5,834,865</u>	<u>2,434,852</u>	<u>31,961</u>	<u>8,301,678</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	2,258,743	--	--	2,258,743
0012 <i>Instructional Resources and Media Services</i>	34,268	--	--	34,268
0013 <i>Curriculum and Staff Development</i>	136,627	--	--	136,627
0021 <i>Instructional Leadership</i>	68,049	--	--	68,049
0023 <i>School Leadership</i>	37,533	--	--	37,533
0031 <i>Guidance, Counseling, & Evaluation Services</i>	515,870	--	--	515,870
0033 <i>Health Services</i>	13,233	--	--	13,233
0035 <i>Food Service</i>	2,696,956	--	--	2,696,956
0053 <i>Data Processing Services</i>	41,510	--	--	41,510
0061 <i>Community Services</i>	5,355	--	--	5,355
0071 <i>Principal on Long-term Debt</i>	--	1,462,619	--	1,462,619
0072 <i>Interest on Long-term Debt</i>	--	890,895	--	890,895
0081 <i>Capital Outlay</i>	--	--	550,579	550,579
6030 <i>Total Expenditures</i>	<u>5,808,144</u>	<u>2,353,514</u>	<u>550,579</u>	<u>8,712,237</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>26,721</u>	<u>81,338</u>	<u>(518,618)</u>	<u>(410,559)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	<u>7,093</u>	<u>--</u>	<u>--</u>	<u>7,093</u>
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>7,093</u>	<u>--</u>	<u>--</u>	<u>7,093</u>
1200 <i>Net Change in Fund Balances</i>	<u>33,814</u>	<u>81,338</u>	<u>(518,618)</u>	<u>(403,466)</u>
0100 <i>Fund Balances - Beginning</i>	404,933	507,919	1,239,179	2,152,031
1300 <i>Prior Period Adjustment</i>	--	--	(498,298)	(498,298)
<i>Fund Balances - Beginning, as Restated</i>	404,933	507,919	740,881	1,653,733
3000 <i>Fund Balances - Ending</i>	<u>\$ 438,747</u>	<u>\$ 589,257</u>	<u>\$ 222,263</u>	<u>\$ 1,250,267</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
ASSETS:				
1110 Cash and Cash Equivalents	\$ 29,292	\$ 93,799	\$ 29,134	\$ --
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	45,920	--	--	--
1290 Other Receivables	--	--	--	--
1000 Total Assets	<u>\$ 75,212</u>	<u>\$ 93,799</u>	<u>\$ 29,134</u>	<u>\$ --</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160 Accrued Wages Payable	27,420	52,098	1,231	--
2170 Due to Other Funds	47,792	41,701	27,903	--
2190 Due to Student Groups	--	--	--	--
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	<u>75,212</u>	<u>93,799</u>	<u>29,134</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 75,212</u>	<u>\$ 93,799</u>	<u>\$ 29,134</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Carl D. Perkins Basic Formula Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School
\$ 189,901	\$ 14,333	\$ 11,182	\$ 5,948	\$ --
15,316	--	--	--	--
94,003	350	15,854	--	--
--	--	--	--	--
<u>\$ 299,220</u>	<u>\$ 14,683</u>	<u>\$ 27,036</u>	<u>\$ 5,948</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
59,347	--	11,182	--	--
--	14,683	15,854	5,948	--
--	--	--	--	--
68,306	--	--	--	--
<u>127,653</u>	<u>14,683</u>	<u>27,036</u>	<u>5,948</u>	<u>--</u>
171,567	--	--	--	--
--	--	--	--	--
<u>171,567</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 299,220</u>	<u>\$ 14,683</u>	<u>\$ 27,036</u>	<u>\$ 5,948</u>	<u>\$ --</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

Data Control Codes	272 MAC Program	289 LEP Summer School Program	385 Supplemental Visually Impaired	392 NonEducational Community-Based Support
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ 19	\$ --	\$ --
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	--	--	--	1,258
1290 Other Receivables	--	--	--	--
1000 Total Assets	<u>\$ --</u>	<u>\$ 19</u>	<u>\$ --</u>	<u>\$ 1,258</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160 Accrued Wages Payable	--	--	--	--
2170 Due to Other Funds	--	--	--	1,258
2190 Due to Student Groups	--	--	--	--
2300 Unearned Revenue	--	19	--	--
2000 Total Liabilities	<u>--</u>	<u>19</u>	<u>--</u>	<u>1,258</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 19</u>	<u>\$ --</u>	<u>\$ 1,258</u>

397 Advanced Placement Incentives	410 State Textbook Fund	429 Pre-K Grant Program	430 Pre-K Grant Program Year 2	490 BHS Campus Activity Fund
\$ --	\$ 23,503	\$ --	\$ --	\$ 50
--	--	--	--	75,367
--	--	--	--	--
--	--	--	--	100
<u>\$ --</u>	<u>\$ 23,503</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 75,517</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	19,885
--	--	--	--	8,810
--	23,503	--	--	--
<u>--</u>	<u>23,503</u>	<u>--</u>	<u>--</u>	<u>28,695</u>
--	--	--	--	--
--	--	--	--	46,822
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>46,822</u>
<u>\$ --</u>	<u>\$ 23,503</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 75,517</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

Data Control Codes	491 BMS Campus Activity Fund	492 KES Campus Activity Fund	493 AES Campus Activity Fund
ASSETS:			
1110 Cash and Cash Equivalents	\$ (100,208)	\$ 44,056	\$ 55,494
1120 Current Investments	142,037	--	--
1240 Due from Other Governments	--	--	--
1290 Other Receivables	--	--	--
1000 Total Assets	<u>\$ 41,829</u>	<u>\$ 44,056</u>	<u>\$ 55,494</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ --
2160 Accrued Wages Payable	--	--	--
2170 Due to Other Funds	--	--	--
2190 Due to Student Groups	--	44,056	20,650
2300 Unearned Revenue	--	--	--
2000 Total Liabilities	<u>--</u>	<u>44,056</u>	<u>20,650</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	--
3490 Other Restrictions of Fund Balance	41,829	--	34,844
3000 Total Fund Balances	<u>41,829</u>	<u>--</u>	<u>34,844</u>
4000 Total Liabilities and Fund Balances	<u>\$ 41,829</u>	<u>\$ 44,056</u>	<u>\$ 55,494</u>

494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund	497 Legacy Field Campaign	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 99,210	\$ 1,955	\$ 35,426	\$ 7,301	\$ 540,395
--	--	--	--	232,720
--	--	--	--	157,385
--	--	--	--	100
<u>\$ 99,210</u>	<u>\$ 1,955</u>	<u>\$ 35,426</u>	<u>\$ 7,301</u>	<u>\$ 930,600</u>
\$ --	\$ 139	\$ --	\$ --	\$ 139
--	--	--	--	151,278
--	--	--	--	175,024
--	68	--	--	73,584
--	--	--	--	91,828
<u>--</u>	<u>207</u>	<u>--</u>	<u>--</u>	<u>491,853</u>
--	--	--	--	171,567
99,210	1,748	35,426	7,301	267,180
<u>99,210</u>	<u>1,748</u>	<u>35,426</u>	<u>7,301</u>	<u>438,747</u>
<u>\$ 99,210</u>	<u>\$ 1,955</u>	<u>\$ 35,426</u>	<u>\$ 7,301</u>	<u>\$ 930,600</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	856,896	914,151	23,985	74,449
5020 Total Revenues	<u>856,896</u>	<u>914,151</u>	<u>23,985</u>	<u>74,449</u>
EXPENDITURES:				
Current:				
0011 Instruction	797,961	398,281	23,985	74,449
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	7,659	--	--	--
0021 Instructional Leadership	45,921	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	515,870	--	--
0033 Health Services	--	--	--	--
0035 Food Service	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	5,355	--	--	--
6030 Total Expenditures	<u>856,896</u>	<u>914,151</u>	<u>23,985</u>	<u>74,449</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915 Transfers In	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Carl D. Perkins Basic Formula Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School
\$ 762,012	\$ --	\$ --	\$ --	\$ --
13,808	--	--	--	--
1,971,909	59,153	209,519	42,787	105,311
<u>2,747,729</u>	<u>59,153</u>	<u>209,519</u>	<u>42,787</u>	<u>105,311</u>
--	57,703	98,550	40,787	75,072
--	--	--	--	--
--	350	110,969	2,000	9,211
--	1,100	--	--	21,028
--	--	--	--	--
--	--	--	--	--
2,697,329	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>2,697,329</u>	<u>59,153</u>	<u>209,519</u>	<u>42,787</u>	<u>105,311</u>
50,400	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>50,400</u>	--	--	--	--
121,167	--	--	--	--
<u>\$ 171,567</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	272 MAC Program	289 LEP Summer School Program	385 Supplemental Visually Impaired	392 NonEducational Community-Based Support
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	5,950	1,258
5900 Federal Program Revenues	11,975	2,330	--	--
5020 Total Revenues	<u>11,975</u>	<u>2,330</u>	<u>5,950</u>	<u>1,258</u>
EXPENDITURES:				
Current:				
0011 Instruction	--	2,330	5,950	--
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	--	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0033 Health Services	11,975	--	--	1,258
0035 Food Service	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>11,975</u>	<u>2,330</u>	<u>5,950</u>	<u>1,258</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

397 Advanced Placement Incentives	410 State Textbook Fund	429 Pre-K Grant Program	430 Pre-K Grant Program Year 2	490 BHS Campus Activity Fund
\$ --	\$ --	\$ --	\$ --	\$ 49,822
504	462,144	77,094	73,127	--
--	--	--	--	--
<u>504</u>	<u>462,144</u>	<u>77,094</u>	<u>73,127</u>	<u>49,822</u>
--	420,634	77,094	67,193	27,431
--	--	--	--	1,493
504	--	--	5,934	--
--	--	--	--	--
--	--	--	--	19,469
--	--	--	--	--
--	--	--	--	--
--	41,510	--	--	--
--	--	--	--	--
<u>504</u>	<u>462,144</u>	<u>77,094</u>	<u>73,127</u>	<u>48,393</u>
--	--	--	--	1,429
--	--	--	--	--
--	--	--	--	--
--	--	--	--	1,429
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 45,393</u>
<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 46,822</u></u>

BRENHAM INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	491 BMS Campus Activity Fund	492 KES Campus Activity Fund	493 AES Campus Activity Fund
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 29,761	\$ 19,651	\$ 31,544
5800 <i>State Program Revenues</i>	--	--	--
5900 <i>Federal Program Revenues</i>	--	--	--
5020 <i>Total Revenues</i>	<u>29,761</u>	<u>19,651</u>	<u>31,544</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	12,176	33,543	19,580
0012 <i>Instructional Resources and Media Services</i>	12,185	6,791	4,387
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	--	--	--
0023 <i>School Leadership</i>	4,029	609	6,651
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0053 <i>Data Processing Services</i>	--	--	--
0061 <i>Community Services</i>	--	--	--
6030 <i>Total Expenditures</i>	<u>28,390</u>	<u>40,943</u>	<u>30,618</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>1,371</u>	<u>(21,292)</u>	<u>926</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	7,093	--
7080 <i>Total Other Financing Sources and (Uses)</i>	--	7,093	--
1200 <i>Net Change in Fund Balances</i>	<u>1,371</u>	<u>(14,199)</u>	<u>926</u>
0100 <i>Fund Balances - Beginning</i>	40,458	14,199	33,918
3000 <i>Fund Balances - Ending</i>	<u>\$ 41,829</u>	<u>\$ --</u>	<u>\$ 34,844</u>

494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund	497 Legacy Field Campaign	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 30,929	\$ --	\$ 4,796	\$ --	\$ 928,515
--	--	--	--	633,885
--	--	--	--	4,272,465
<u>30,929</u>	<u>--</u>	<u>4,796</u>	<u>--</u>	<u>5,834,865</u>
26,024	--	--	--	2,258,743
9,331	--	81	--	34,268
--	--	--	--	136,627
--	--	--	--	68,049
6,402	--	--	--	37,533
--	--	--	--	515,870
--	--	--	--	13,233
--	--	--	--	2,696,956
--	--	--	--	41,510
--	--	--	--	5,355
<u>41,757</u>	<u>--</u>	<u>81</u>	<u>--</u>	<u>5,808,144</u>
(10,828)	--	4,715	--	26,721
--	--	--	--	7,093
--	--	--	--	7,093
<u>(10,828)</u>	<u>--</u>	<u>4,715</u>	<u>--</u>	<u>33,814</u>
110,038	1,748	30,711	7,301	404,933
<u>\$ 99,210</u>	<u>\$ 1,748</u>	<u>\$ 35,426</u>	<u>\$ 7,301</u>	<u>\$ 438,747</u>

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BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2017

Data Control Codes	Enterprise Fund	Enterprise Fund	Total
	Latchkey Fund	Brenham Child Development Center	Nonmajor Enterprise Funds (See Exhibit D-1)
ASSETS:			
Current Assets:			
1110	\$ 39,310	\$ 2,696	\$ 42,006
	Total Current Assets	2,696	42,006
1000	Total Assets	2,696	42,006
LIABILITIES:			
Current Liabilities:			
2160	856	2,696	3,552
	Total Current Liabilities	2,696	3,552
2000	Total Liabilities	2,696	3,552
NET POSITION:			
3900	38,454	--	38,454
3000	Total Net Position	--	38,454

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Enterprise Fund Latchkey Fund	Enterprise Fund Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-2)
OPERATING REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 70,527	\$ 42,947	\$ 113,474
5020 <i>Total Revenues</i>	<u>70,527</u>	<u>42,947</u>	<u>113,474</u>
OPERATING EXPENSES:			
6100 <i>Payroll Costs</i>	53,976	43,742	97,718
6300 <i>Supplies and Materials</i>	1,982	982	2,964
6400 <i>Other Operating Costs</i>	2,511	316	2,827
6030 <i>Total Expenses</i>	<u>58,469</u>	<u>45,040</u>	<u>103,509</u>
Income (Loss) before Contributions and Transfers	12,058	(2,093)	9,965
7915 <i>Transfers In</i>	--	14,120	14,120
8911 <i>Transfers Out</i>	(34,479)	--	(34,479)
1300 <i>Change in Net Position</i>	<u>(22,421)</u>	<u>12,027</u>	<u>(10,394)</u>
0100 <i>Total Net Position - Beginning</i>	60,875	(12,027)	48,848
3300 <i>Total Net Position - Ending</i>	<u>\$ 38,454</u>	<u>\$ --</u>	<u>\$ 38,454</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2017

	711 Latchkey Fund	712 Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 70,527	\$ 42,947	\$ 113,474
<i>Cash Payments to Employees</i>	(60,691)	(42,530)	(103,221)
Net Cash Provided (Used) by Operating Activities	<u>9,836</u>	<u>417</u>	<u>10,253</u>
Cash Flows from Non Capital Financing Activities:			
<i>Transfers From (To) Primary Government</i>	(34,479)	14,120	(20,359)
Net Cash Provided (Used) by Non Capital Financing Activities	<u>(34,479)</u>	<u>14,120</u>	<u>(20,359)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(24,643)	14,537	(10,106)
Cash and Cash Equivalents at Beginning of Year	63,953	(11,841)	52,112
Cash and Cash Equivalents at End of Year	<u>\$ 39,310</u>	<u>\$ 2,696</u>	<u>\$ 42,006</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 12,058	\$ (2,093)	\$ 9,965
Adjustments to Reconcile Operating Income (Loss) to Net Change in Assets and Liabilities:			
<i>Increase (Decrease) in Accrued Wages Payable</i>	(2,222)	2,510	288
Total Adjustments	<u>9,836</u>	<u>417</u>	<u>288</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,836</u>	<u>\$ 417</u>	<u>\$ 10,253</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2017

Data Control Codes	890 Brenham High School Activity	891 Brenham Middle School Activity	892 Brenham Junior High Activity
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 413,815	\$ 33,918	\$ 20,677
1120 <i>Current Investments</i>	--	--	--
1260 <i>Due from Other Funds</i>	19,884	--	--
1000 Total Assets	<u>433,699</u>	<u>33,918</u>	<u>20,677</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	--	1,000	--
2180 <i>Due to Other Governments</i>	--	--	--
2190 <i>Due to Student Groups</i>	433,699	32,918	20,677
2000 Total Liabilities	<u>433,699</u>	<u>33,918</u>	<u>20,677</u>
NET POSITION:			
3000 Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington County Appraisal District	Total Agency Funds (See Exhibit E-1)
\$ 5,975	\$ 90	\$ 49,209	\$ 523,684
--	--	204,598	204,598
--	--	--	19,884
<u>5,975</u>	<u>90</u>	<u>253,807</u>	<u>748,166</u>
--	--	--	1,000
--	--	253,807	253,807
5,975	90	--	493,359
<u>5,975</u>	<u>90</u>	<u>253,807</u>	<u>748,166</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

BRENHAM INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF DELINQUENT TAXES RECEIVABLE**FOR THE YEAR ENDED AUGUST 31, 2017*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2008 and Prior Years	Various	Various	Various
2009	\$.96340	\$.1250	\$ 2,102,822,057
2010	\$.96340	\$.1250	\$ 2,125,567,220
2011	\$.99340	\$.1250	\$ 2,115,748,996
2012	\$ 1.0100	\$.1250	\$ 2,045,000,969
2013	\$ 1.0200	\$.1150	\$ 2,096,344,914
2014	\$ 1.0200	\$.1150	\$ 2,096,344,914
2015	\$ 1.0333	\$.1017	\$ 2,282,354,509
2016	\$ 1.0333	\$.1017	\$ 2,407,551,894
2017 (School Year Under Audit)	\$ 1.0400	\$.0950	\$ 2,468,576,204

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
\$ 207,171	\$ --	\$ 25,814	\$ 3,580	\$ 7,517	\$ 185,294
36,155	--	6,084	789	3,051	32,333
46,501	--	8,123	1,054	3,034	40,358
52,491	--	9,035	1,137	2,456	44,775
82,477	--	16,091	1,991	1,661	66,056
149,725	--	33,161	3,739	1,115	113,941
234,710	--	34,945	3,940	3,907	199,732
279,042	--	65,364	6,433	2,389	209,634
495,090	--	132,189	12,566	(36,842)	313,494
--	28,018,340	25,205,580	2,301,345	29,331	540,745
<u>\$ 1,583,363</u>	<u>\$ 28,018,340</u>	<u>\$ 25,536,386</u>	<u>\$ 2,336,575</u>	<u>\$ 17,621</u>	<u>\$ 1,746,362</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT J-2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	<i>Local and Intermediate Sources</i>	\$ 887,640	\$ 887,640	\$ 762,012	\$ (125,628)		
5800	<i>State Program Revenues</i>	15,000	15,000	13,808	(1,192)		
5900	<i>Federal Program Revenues</i>	1,795,720	1,795,720	1,971,909	176,189		
5020	Total Revenues	<u>2,698,360</u>	<u>2,698,360</u>	<u>2,747,729</u>	<u>49,369</u>		
EXPENDITURES:							
Current:							
Support Services - Student (Pupil):							
0035	<i>Food Services</i>	2,886,261	2,922,672	2,697,329	225,343		
	Total Support Services - Student (Pupil)	<u>2,886,261</u>	<u>2,922,672</u>	<u>2,697,329</u>	<u>225,343</u>		
6030	Total Expenditures	<u>2,886,261</u>	<u>2,922,672</u>	<u>2,697,329</u>	<u>225,343</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	(187,901)	(224,312)	50,400	274,712		
1200	Net Change in Fund Balance	<u>(187,901)</u>	<u>(224,312)</u>	<u>50,400</u>	<u>274,712</u>		
0100	Fund Balance - Beginning	121,167	121,167	121,167	--		
3000	Fund Balance - Ending	<u>\$ (66,734)</u>	<u>\$ (103,145)</u>	<u>\$ 171,567</u>	<u>\$ 274,712</u>		

BRENHAM INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts			Actual		
	Original	Final				
REVENUES:						
5700	<i>Local and Intermediate Sources</i>		\$ 2,297,265	\$ 2,297,265	\$ 2,373,604	\$ 76,339
5800	<i>State Program Revenues</i>		61,249	61,249	61,248	(1)
5020	<i>Total Revenues</i>		<u>2,358,514</u>	<u>2,358,514</u>	<u>2,434,852</u>	<u>76,338</u>
EXPENDITURES:						
Debt Service:						
0071	<i>Principal on Long-Term Debt</i>		1,462,619	1,462,619	1,462,619	--
0072	<i>Interest on Long-Term Debt</i>		890,895	890,895	890,895	--
0073	<i>Bond Issuance Costs and Fees</i>		5,000	5,000	--	5,000
	<i>Total Debt Service</i>		<u>2,358,514</u>	<u>2,358,514</u>	<u>2,353,514</u>	<u>5,000</u>
6030	<i>Total Expenditures</i>		<u>2,358,514</u>	<u>2,358,514</u>	<u>2,353,514</u>	<u>5,000</u>
1100	<i>Excess (Deficiency) of Revenues Over (Under)</i>					
1100	<i>Expenditures</i>		--	--	81,338	81,338
1200	<i>Net Change in Fund Balance</i>		--	--	81,338	81,338
0100	<i>Fund Balance - Beginning</i>		507,919	507,919	507,919	--
3000	<i>Fund Balance - Ending</i>		<u>\$ 507,919</u>	<u>\$ 507,919</u>	<u>\$ 589,257</u>	<u>\$ 81,338</u>

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Federal Awards and Other Compliance Section

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

To the Board of Trustees of
Brenham Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brenham Independent School District (the "District"), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such as 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 10, 2018



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

To the Board of Trustees of
Brenham Independent School District:

Report on Compliance for Each Major Federal Program

We have audited the Brenham Independent School District's (the "District") 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 District's major federal programs for the year ended August 31, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule 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 District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance required 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 considered 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.

Respectfully submitted,

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 10, 2018

BRENHAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Part A
84.367	Title II Part A

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

BRENHAM INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE NOTED		

BRENHAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	01118	\$ 458,198
National School Lunch Program	10.555	01118	1,330,816
Total Passed Through State Department of Education			<u>1,789,014</u>
Total U. S. Department of Agriculture			<u>1,789,014</u>
Total Child Nutrition Cluster			<u>1,789,014</u>
FOOD DISTRIBUTION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
Commodity Supplemental Food Program	10.565	01118	182,895
Total Passed Through State Department of Education			<u>182,895</u>
Total U. S. Department of Agriculture			<u>182,895</u>
Total Food Distribution Cluster			<u>182,895</u>
MEDICAID CLUSTER:			
<u>U. S. Department of Health and Human Services</u>			
Passed Through State Department of Education:			
<i>Medicaid Administrative Claiming Program - MAC</i>	93.778	239-901	11,975
Total Passed Through the State Department of Education			<u>11,975</u>
Total U. S. Department of Health and Human Services			<u>11,975</u>
Total Medicaid Cluster			<u>11,975</u>
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>IDEA-B Formula</i>	84.027	176600012399016600	767,787
<i>IDEA-B Discretionary</i>	84.027	176600062399016680	74,449
<i>IDEA-B Formula</i>	84.027	186600012399016600	146,364
Total CFDA Number 84.027			<u>988,600</u>
<i>IDEA-B Preschool</i>	84.173	176610012399016610	20,056
<i>IDEA-B Preschool</i>	84.173	186610012399016610	3,929
Total CFDA Number 84.173			<u>23,985</u>
Total Passed Through State Department of Education			<u>1,012,585</u>
Total U. S. Department of Education			<u>1,012,585</u>
Total Special Education (IDEA) Cluster			<u>1,012,585</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through Education Service Center, Region 10:			
<i>Title III Part A English Language Acquisition & Language Enhancement</i>	84.365	17671001236950	\$ 42,787
Total Passed Through the State Department of Education			<u>42,787</u>
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010	17610101239901	810,976
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010	18610101239901	45,920
Total CFDA Number 84.010			<u>856,896</u>
<i>Career and Technical - Basic Grant</i>	84.048	17420006239901	58,803
<i>Career and Technical - Basic Grant</i>	84.048	18420006239901	350
Total CFDA Number 84.048			<u>59,153</u>
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	17696001239901	105,311
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	17694501239901	193,665
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	18694501239901	15,854
Total CFDA Number 84.367			<u>209,519</u>
<i>LEP Summer School Program</i>	84.369	69551602	2,330
Total Passed Through State Department of Education			<u>1,233,209</u>
Total U. S. Department of Education			<u>1,275,996</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
<i>Disaster Grants - Public Assistance (FEMA)</i>	97.036	239-901	38,817
Total Passed Through Texas Department of Public Safety			<u>38,817</u>
Total U.S. Department of Homeland Security			<u>38,817</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>4,311,281</u>
		Federal Revenue per SEFA	\$ 4,311,281
		General Fund ERATE	83,511
		General Fund SHARS	739,063
		General Fund ROTC	60,308
		Total Revenue per C-2	<u>\$ 5,194,164</u>

The accompanying notes are an integral part of this schedule.

BRENHAM INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017*

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2017

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 7,028,055
SF11	Net pension assets (object 1920) at fiscal year-end	\$ --
SF12	Net pension liabilities (object 2540) at fiscal year-end	\$ 8,980,509