BRENHAM
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

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Brenham Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

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Brenham Independent School District
Annual Financial Report
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Introductory Section

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CERTIFICATE OF BOARD

Brenham Independent School District	Washington	239-901
Name of School District	County	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, 2018, 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, 2018, 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.

3210 Bingle Rd., Ste. 300, Houston, TX 77055 // P: 713.263.1123 // info@txauditors.com // www.texasauditors.com

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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

In 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

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, schedules of the District's proportionate share of the net pension and OPEB liability, and schedules of 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 Ditrict'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 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 17, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Acccountants
Houston, Texas
January 17, 2019

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Management's Discussion and Analysis

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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, 2018. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2018 was $4,590,533.
- For the year, the District's general fund reported a total fund balance of $13,044,233, of which $44,818 is nonspendable, $1,400,000 is committed for construction, and $11,599,415 is unassigned. The non-operating construction fund reported a fund balance of $3,393,656.
- 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 $18,580,260.

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 internal service funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. This fund includes student activity funds, the Washington County Appraisal District fund, and the private-purpose trust fund (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.

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 costs 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 (the "Board") 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.
- 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 funds* – 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 and statements of changes in 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was $4,590,533 at August 31, 2018. *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, 2018. Within *Table 2*, the prior year revenues and expenses have been updated to remove fund level on-behalf revenues and expenses (excluding Medicare Part D) for pension contributions for comparative purposes, as a result of current year recognition changes. This change has no impact on the change in net position. The District reported an increase of $6,402,073 in net position from the prior year. Long-term liabilities decreased due primarily to the decrease in the net other postemployment benefits (OPEB) liability. Revenues for the District decreased due to a decrease in operating grants and contributions due to the decrease in on-behalf revenues related to the decrease in the pension and OPEB liabilities and a decrease in grants and contributions not restricted for specific programs. Expenses decreased significantly in instruction; instructional leadership; school leadership; guidance, counseling, and evaluation services; food services; and extracurricular activities due to expending less throughout the year and as the result of the decrease in the OPEB liability, pension liability, and the related decrease in on-behalf expenses.

Table 1
Net Position

Description	Governmental Activities 2018	Governmental Activities 2017	Business-Type Activities 2018	Business-Type Activities 2017	Total Change 2017-2018
Current assets	$ 22,690,875	$ 24,072,964	$ 38,317	$ 42,006	$ (1,385,778)
Capital assets	56,231,978	55,060,904	-	-	1,171,074
Total Assets	78,922,853	79,133,868	38,317	42,006	(214,704)
Deferred charge on refunding	591,816	774,384	-	-	(182,568)
Deferred outflows related to pensions	3,163,469	4,241,926	-	-	(1,078,457)
Deferred outflows related to OPEB	254,428	177,263	-	-	77,165
Total Deferred Outflows of Resources	4,009,713	5,193,573	-	-	(1,183,860)
Current liabilities	2,781,465	2,946,008	4,392	3,552	(163,703)
Long-term liabilities	67,744,143	82,679,799	-	-	(14,935,656)
Total Liabilities	70,525,608	85,625,807	4,392	3,552	(15,099,359)
Deferred inflows related to pensions	1,614,320	517,703	-	-	1,096,617
Deferred inflows related to OPEB	6,202,105	-	-	-	6,202,105
Total Deferred Inflows of Resources	7,816,425	517,703	-	-	7,298,722
Net Position:					
Net invested in capital assets	19,202,723	18,856,696	-	-	346,027
Restricted	4,644,066	4,195,850	33,925	38,454	443,687
Unrestricted	(19,256,256)	(24,868,615)	-	-	5,612,359
Total Net Position	$ 4,590,533	$ (1,816,069)	$ 33,925	$ 38,454	$ 6,402,073

Table 2 Changes in Net Position	Governmental Activities 2018	Governmental Activities 2017	Total Change 2018-2017	Business-Type Activities 2018	Business-Type Activities 2017
Revenues					
Program revenues:					
Charges for services	$ 1,285,334	$ 1,192,130	$ 93,204	$ 86,836	$ 113,474
Operating grants and contributions	(128,335)	8,946,093	(9,074,428)	-	-
General revenues:					
Property taxes	29,991,443	28,390,574	1,600,869	-	-
Grants and contributions not restricted				-	-
for specific programs	13,090,241	12,337,801	752,440	-	-
Investment earnings	467,262	266,276	200,986	-	-
Other revenue	802,489	628,275	174,214	-	-
Transfers	(10,000)	20,359	-	10,000	(20,359)
Total Revenue	45,498,434	51,781,508	(6,252,715)	96,836	93,115
Expenses					
Instruction	20,647,365	29,042,404	(8,395,039)	-	-
Instructional resources and media services	574,311	605,128	(30,817)	-	-
Curriculum and staff development	444,027	516,208	(72,181)	-	-
Instructional leadership	300,911	827,322	(526,411)	-	-
School leadership	1,821,617	2,419,189	(597,572)	-	-
Guidance, counseling, and evaluation services	638,241	1,832,657	(1,194,416)	-	-
Social work services	40,220	53,360	(13,140)	-	-
Health services	440,977	542,673	(101,696)	-	-
Student (pupil) transportation	2,219,584	2,173,746	45,838	-	-
Food services	1,809,629	3,023,435	(1,213,806)	-	-
Extracurricular activities	1,505,872	1,811,106	(305,234)	-	-
General administration	1,545,598	1,967,209	(421,611)	-	-
Plant maintenance and operations	4,658,358	4,462,429	195,929	-	-
Security and monitoring services	329,705	276,876	52,829	-	-
Data processing services	787,464	709,201	78,263	-	-
Community services	108,556	163,617	(55,061)	101,365	103,509
Interest on long-term debt	1,217,897	1,150,174	67,723	-	-
Bond issuance costs and fees	1,500	77,500	(76,000)	-	-
Total Expenses	39,091,832	51,654,235	(12,562,403)	101,365	103,509
Change in Net Position	6,406,602	127,273	6,279,329	(4,529)	(10,394)
Beginning net position	(1,816,069)	(1,943,342)	127,273	38,454	48,848
Ending Net Position	$ 4,590,533	$ (1,816,069)	$ 6,406,602	$ 33,925	$ 38,454

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year end August 31, 2018, the District's governmental funds reported a combined fund balance of $18,580,260. This compares to a combined fund balance of $19,940,888 at August 31, 2017. 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 appraised values. The construction fund fund balance increased due to an increase in local revenue due to receiving a percentage of receipts from Washington County School Land in Tom Green County and a transfer in from the General Fund. The District's combined governmental funds revenue increased by $2,939,617. This consisted of an increase in local revenue due to receiving more property tax revenue due to an increase in appraised values and an increase in state foundation revenue. The total combined revenue was $53,403,341 this year compared to $50,463,724 last year. The District's combined governmental funds expenditures increased by $4,565,574 due to increases in personnel costs, instructional costs, school leadership, general administration, facilities maintenance and operations, and capital outlay projects during the year. Total expenditures were $54,890,523 this year compared to $50,324,949 last year.

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.

During the period ended August 31, 2018, 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 hiring new personnel, donations for projects, and additional state funding. The general fund's actual revenues exceeded budgeted revenues by $447,218 due to greater than anticipated state revenue and local revenues. The budgeted expenditures exceeded actual expenditures by $328,540 due to spending less in instruction, student transportation, and general administration.

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 $56,231,978 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, vehicles, and District equipment. This total includes $3,454,676 invested during the fiscal year ended August 31, 2018.

Major capital asset events during the year included the following:

- Completion of the Early Childhood Learning Center restroom remodel for $304,468
- Construction in progress for batting cages project for $101,866
- Construction in progress for the softball field project for $18,096
- Construction in progress for the Early Childhood Learning Center library remodel for $75,000
- Construction in progress at Krause Elementary School for $2,652,246
- Purchase of stadium wraps for $132,859
- Purchase of a mower for $42,894
- Purchase of a band trailer for $14,712
- Purchase of 2 Chevy trucks for $21,000
- Purchase of a Ford Explorer for $27,785
- Purchase of playground equipment for $21,158

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 $36,324,552 in general obligation bonds, notes, and a capital lease outstanding versus $38,034,202 last year.

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 2018-2019 school year total $42,795,771 and the District's Board adopted a Maintenance and Operations tax rate of $1.04 and an Interest and Sinking tax rate of $0.085 for a combined rate of $1.125 per $100 of valuation.

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, 2018

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 3,509,221	$ 38,317	$ 3,547,538
1120	*Current Investments*	16,920,976	--	16,920,976
1220	*Property Taxes Receivable (Net)*	1,912,846	--	1,912,846
1230	*Allowance for Uncollectible Taxes*	(362,700)	--	(362,700)
1240	*Due from Other Governments*	655,892	--	655,892
1290	*Other Receivables (Net)*	9,822	--	9,822
1300	*Inventories*	31,951	--	31,951
1410	*Prepaid Items*	12,867	--	12,867
	Capital Assets:			
1510	*Land*	2,835,660	--	2,835,660
1520	*Buildings and Improvements, Net*	48,751,320	--	48,751,319
1530	*Equipment, Net*	800,215	--	800,215
1530	*Vehicles, Net*	559,891	--	559,891
1580	*Construction in Progress*	3,284,892	--	3,284,892
1000	Total Assets	78,922,853	38,317	78,961,170
	DEFERRED OUTFLOWS OF RESOURCES:			
1700	*Deferred Charges on Refunding*	591,816	--	591,816
1705	*Deferred Outflows Related to Pensions*	3,163,469	--	3,163,469
1706	*Deferred Outflows Related to OPEB*	254,428	--	254,428
1700	Total Deferred Outflows of Resources	4,009,713	--	4,009,713
	LIABILITIES:			
2110	*Accounts Payable*	121,686	--	121,686
2140	*Interest Payable*	229,030	--	229,030
2165	*Accrued Liabilities*	2,360,692	4,392	2,365,084
2300	*Deferred Revenue*	70,057	--	70,057
	Noncurrent Liabilities:			
2501	*Due Within One Year*	1,907,902	--	1,907,902
2502	*Due in More Than One Year*	43,986,480	--	43,986,480
2540	*Net Pension Liability*	7,022,897	--	7,022,897
2545	*Net OPEB Liability*	14,826,864	--	14,826,864
2000	Total Liabilities	70,525,608	4,392	70,530,000
	DEFERRED INFLOWS OF RESOURCES:			
2605	*Deferred Inflows Related to Pensions*	1,614,320	--	1,614,320
2606	*Deferred Inflows Related to OPEB*	6,202,105	--	6,202,105
2600	Total Deferred Inflows of Resources	7,816,425	--	7,816,425
	NET POSITION:			
3200	Net Investment in Capital Assets	19,202,723	--	19,202,723
	Restricted For:			
3820	Federal and State Programs	196,523		196,523
3850	Debt Service	603,477	--	603,477
3860	Capital Projects	3,440,418	--	3,440,418
3890	Other Purposes	403,648	33,925	437,573
3900	Unrestricted	(19,256,256)	--	(19,256,256)
3000	Total Net Position	$ 4,590,533	$ 33,925	$ 4,624,458

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	*Instruction*	$ 20,647,365	$ 423,029	$ (760,135)
12	*Instructional Resources and Media Services*	574,311	--	(30,465)
13	*Curriculum and Staff Development*	444,027	--	123,207
21	*Instructional Leadership*	300,911	--	(146,773)
23	*School Leadership*	1,821,617	--	(363,558)
31	*Guidance, Counseling, and Evaluation Services*	638,241	--	(97,914)
32	*Social Work Services*	40,220	--	16
33	*Health Services*	440,977	--	(48,473)
34	*Student Transportation*	2,219,584	--	75,174
35	*Food Service*	1,809,629	675,721	1,389,869
36	*Cocurricular/Extracurricular Activities*	1,505,872	135,467	(147,512)
41	*General Administration*	1,545,598	--	(219,141)
51	*Facilities Maintenance and Operations*	4,658,358	--	(35,421)
52	*Security and Monitoring Services*	329,705	--	3,674
53	*Data Processing Services*	787,464	--	29,447
61	*Community Services*	108,556	51,117	39,367
72	*Interest on Long-term Debt*	1,217,897	--	60,303
73	*Bond Issuance Costs and Fees*	1,500	--	--
TG	Total Governmental Activities	39,091,832	1,285,334	(128,335)
	Business-type Activities:			
01	*Latchkey Enterprise*	47,658	38,487	--
02	*BISD Child Development Center*	53,707	48,349	--
TB	Total Business-type Activities	101,365	86,836	--
TP	Total Primary Government	$ 39,193,197	$ 1,372,171	$ (128,335)

Data Control Codes	
	General Revenues:
MT	*Property Taxes, Levied for General Purposes*
DT	*Property Taxes, Levied for Debt Service*
IE	*Investment Earnings*
GC	*Grants and Contributions Not Restricted to Specific Programs*
MI	*Miscellaneous*
FR	*Transfers*
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.

6	7	8
Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (20,984,471)	$ --	$ (20,984,471)
(604,776)	--	(604,776)
(320,820)	--	(320,820)
(447,684)	--	(447,684)
(2,185,175)	--	(2,185,175)
(736,155)	--	(736,155)
(40,204)	--	(40,204)
(489,450)	--	(489,450)
(2,144,410)	--	(2,144,410)
255,961	--	255,961
(1,517,917)	--	(1,517,917)
(1,764,739)	--	(1,764,739)
(4,693,779)	--	(4,693,779)
(326,031)	--	(326,031)
(758,017)	--	(758,017)
(18,072)	--	(18,072)
(1,157,594)	--	(1,157,594)
(1,500)	--	(1,500)
(37,934,833)	--	(37,934,833)
--	(9,171)	(9,171)
--	(5,358)	(5,358)
--	(14,529)	(14,529)
(37,934,833)	(14,529)	(37,949,362)
27,724,253	--	27,724,253
2,267,190	--	2,267,190
467,262	--	467,262
13,090,241	--	13,090,241
802,489	--	802,489
(10,000)	10,000	--
44,341,435	10,000	44,351,435
6,406,602	(4,529)	6,402,073
23,852,926	38,454	23,891,380
(25,668,995)	--	(25,668,995)
(1,816,069)	38,454	(1,777,615)
$ 4,590,533	$ 33,925	$ 4,624,458

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BRENHAM INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes			10 General Fund	60 Construction Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:					
1110	*Cash and Cash Equivalents*		$ 1,558,124	$ 372,940	$ 1,570,122	$ 3,501,186
1120	*Current Investments*		13,528,592	2,639,207	753,177	16,920,976
1220	*Property Taxes Receivable*		1,740,599	--	172,247	1,912,846
1230	*Allowance for Uncollectible Taxes*		(322,373)	--	(40,327)	(362,700)
1240	*Due from Other Governments*		242,476	--	413,416	655,892
1260	*Due from Other Funds*		331,876	381,509	--	713,385
1290	*Other Receivables*		9,822	--	--	9,822
1300	*Inventories*		31,951	--	--	31,951
1410	*Prepaid Items*		12,867	--	--	12,867
1000	Total Assets		$ 17,133,934	$ 3,393,656	$ 2,868,635	$ 23,396,225
	LIABILITIES:					
	Current Liabilities:					
2110	*Accounts Payable*		$ 121,686	$ --	$ --	$ 121,685
2160	*Accrued Wages Payable*		2,168,281	--	192,411	2,360,692
2170	*Due to Other Funds*		381,509	--	331,876	1,521,568
2300	*Deferred Revenue*		--	--	70,057	70,057
2000	Total Liabilities		2,671,476	--	594,344	4,074,002
	DEFERRED INFLOWS OF RESOURCES:					
2600	*Unavailable Revenue for Property Taxes*		1,418,225	--	131,920	1,550,145
2600	Total Deferred Inflows of Resources		1,418,225	--	131,920	1,550,145
	FUND BALANCES:					
	Nonspendable Fund Balances:					
3410	*Inventories*		31,951	--	--	31,951
3430	*Prepaid Items*		12,867	--	--	12,867
	Restricted Fund Balances:					
3450	*Federal/State Funds Grant Restrictions*		--	--	196,523	196,523
3470	*Capital Acquisitions & Contractual Obligations*		--	3,393,656	938,723	4,332,379
3480	*Retirement of Long-Term Debt*		--	--	603,477	603,477
3490	*Other Restrictions of Fund Balance*		--	--	403,648	403,648
	Committed Fund Balances:					
3510	*Construction*		1,400,000	--	--	1,400,000
3600	Unassigned		11,599,415	--	--	11,599,415
3000	Total Fund Balances		13,044,233	3,393,656	2,142,371	18,580,260
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances		$ 17,133,934	$ 3,393,656	$ 2,868,635	$ 23,396,225

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018

Total fund balances - governmental funds balance sheet	$	18,580,260
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.		56,231,978
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,550,145
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		8,035
Payables for bond principal which are not due in the current period are not reported in the funds.		(45,166,012)
Payables for capital leases which are not due in the current period are not reported in the funds.		(136,554)
Payables for bond interest which are not due in the current period are not reported in the funds.		(229,030)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(7,022,897)
Deferred inflows of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds.		(1,614,320)
Deferred outflows of resources related to TRS are not reported in the funds.		3,163,469
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(14,826,864)
Deferred inflows of resources related to the OPEB plan are not reported in the funds.		(6,202,105)
Deferred outflows of resources related to the OPEB plan are not reported in the funds.		254,428
Net position of governmental activities - Statement of Net Position	$	4,590,533

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, 2018

Data Control Codes		10 General Fund	60 Construction Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 28,647,638	$ 345,518	$ 3,339,438	$ 32,332,594
5800	*State Program Revenues*	15,178,638	--	688,074	15,866,712
5900	*Federal Program Revenues*	708,755	--	4,495,280	5,204,035
5020	Total Revenues	44,535,031	345,518	8,522,792	53,403,341
	EXPENDITURES:				
	Current:				
0011	*Instruction*	24,745,674	--	2,432,546	27,178,220
0012	*Instructional Resources and Media Services*	581,458	--	31,429	612,887
0013	*Curriculum and Staff Development*	413,687	--	231,163	644,850
0021	*Instructional Leadership*	568,566	--	195	568,761
0023	*School Leadership*	2,633,062	--	72,250	2,705,312
0031	*Guidance, Counseling, and Evaluation Services*	1,253,722	--	490,323	1,744,045
0032	*Social Work Services*	47,992	--	--	47,992
0033	*Health Services*	591,467	--	14,409	605,876
0034	*Student Transportation*	1,965,473	--	16,285	1,981,758
0035	*Food Service*	68,522	--	2,568,575	2,637,097
0036	*Cocurricular/Extracurricular Activities*	1,698,310	--	684	1,698,994
0041	*General Administration*	2,103,959	--	--	2,103,959
0051	*Facilities Maintenance and Operations*	5,062,586	--	--	5,062,586
0052	*Security and Monitoring Services*	336,304	--	--	336,304
0053	*Data Processing Services*	773,619	--	43,118	816,737
0061	*Community Services*	111,854	--	73,660	185,514
0071	*Principal on Long-term Debt*	300,000	138,577	1,407,627	1,846,204
0072	*Interest on Long-term Debt*	19,500	4,400	915,887	939,787
0073	*Bond Issuance Costs and Fees*	500	--	1,000	1,500
0081	*Capital Outlay*	79,449	135,977	2,956,714	3,172,140
6030	Total Expenditures	43,355,704	278,954	11,255,865	54,890,523
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	1,179,327	66,564	(2,733,073)	(1,487,182)
	Other Financing Sources and (Uses):				
7913	*Issuance of Capital Leases*	136,554	--	--	136,554
7915	*Transfers In*	--	381,509	118,039	499,548
8911	*Transfers Out*	(500,121)	--	(9,427)	(509,548)
7080	Total Other Financing Sources and (Uses)	(363,567)	381,509	108,612	126,554
1200	Net Change in Fund Balances	815,760	448,073	(2,624,461)	(1,360,628)
0100	Fund Balances - Beginning	11,898,652	2,945,583	4,766,832	19,611,067
1300	Prior Period Adjustment	329,821	--	--	329,821
	Fund Balances - Beginning, as Restated	12,228,473	2,945,583	4,766,832	19,940,888
3000	Fund Balances - Ending	$ 13,044,233	$ 3,393,656	$ 2,142,371	$ 18,580,260

The accompanying notes are an integral part of this statement.

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, 2018

Net change in fund balances - total governmental funds	$	(1,360,628)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital outlays are not reported as expenses in the SOA.		3,390,508
Capital contributions are not reported as expenses in the SOA.		64,168
The depreciation of capital assets used in governmental activities is not reported in the funds.		(2,283,601)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		149,764
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.		(1,999,664)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		1,999,664
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,846,204
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		89,904
The accretion of interest on capital appreciation bonds is not reported in the funds.		(353,295)
(Increase) decrease in accrued interest from beginning of period to end of period.		(14,720)
The net revenue (expense) of internal service funds is reported with governmental activities.		8,035
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.		(136,554)
GASB 68 revenues in the SOA not providing current financial resources are not reported as revenues in the funds.		1,190,768
GASB 68 expenses in the SOA not providing current financial resources are not reported as expenses in the funds.		(1,408,230)
GASB 75 revenues in the SOA not providing current financial resources are not reported as revenues in the funds.		(7,299,942)
GASB 68 expenses in the SOA not providing current financial resources are not reported as expenses in the funds.		12,524,221
Change in net position of governmental activities - Statement of Activities	$	6,406,602

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2018

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	ASSETS:		
	Current Assets:		
1110	*Cash and Cash Equivalents*	$ 38,317	$ 8,035
	Total Current Assets	38,317	8,035
1000	Total Assets	38,317	8,035
	LIABILITIES:		
	Current Liabilities:		
2160	*Accrued Wages Payable*	4,392	--
	Total Current Liabilities	4,392	--
2000	Total Liabilities	4,392	--
	NET POSITION:		
3800	*Restricted*	33,925	8,035
3000	Total Net Position	$ 33,925	$ 8,035

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	OPERATING REVENUES:		
5700	*Local and Intermediate Sources*	$ 86,836	$ 571,817
5020	Total Revenues	86,836	571,817
	OPERATING EXPENSES:		
6100	*Payroll Costs*	97,528	557,057
6200	*Professional and Contracted Services*	--	3,156
6300	*Supplies and Materials*	1,539	3,569
6400	*Other Operating Costs*	2,298	--
6030	Total Expenses	101,365	563,782
	Income (Loss) before Contributions and Transfers	(14,529)	8,035
7915	*Transfers In*	10,000	--
1300	Change in Net Position	(4,529)	8,035
0100	Total Net Position - Beginning	38,454	--
3300	Total Net Position - Ending	$ 33,925	$ 8,035

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2018

	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 86,836	$ --
Operating Transactions with Other Funds	--	14,760
Receipts from Other Governments		557,057
Cash Payments to Employees for Services	(100,525)	(563,782)
Net Cash Provided (Used) by Operating Activities	(13,689)	8,035
Cash Flows from Noncapital Financing Activities:		
Transfers From (To) Primary Government	10,000	--
Net Cash Provided (Used) by Noncapital Financing Activities	10,000	--
Net Increase (Decrease) in Cash and Cash Equivalents	(3,689)	8,035
Cash and Cash Equivalents at Beginning of Year	42,006	--
Cash and Cash Equivalents at End of Year	$ 38,317	$ 8,035
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (14,529)	$ 8,035
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities:		
Increase (Decrease) in Accrued Wages Payable	840	--
Total Adjustments	840	--
Net Cash Provided (Used) by Operating Activities	$ (13,689)	$ 8,035

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2018

Data Control Codes		Private Purpose Trust Funds Scholarship Fund	Agency Funds
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ 25,445	$ 521,290
1120	*Current Investments*	7,213	101,439
1000	Total Assets	32,658	622,729
	LIABILITIES:		
	Current Liabilities:		
2180	*Due to Other Governments*	--	193,162
2190	*Due to Student Groups*	--	429,567
2000	Total Liabilities	--	622,729
	NET POSITION:		
3800	*Held in Trust*	32,658	--
3000	Total Net Position	$ 32,658	$ --

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, 2018

	Private-Purpose Trusts
Additions:	
Investment Income	$ 804
Employer Contributions	350
Total Additions	1,154
Deductions:	
Scholarship Awards	1,864
Total Deductions	1,864
Change in Net Position	(710)
Net Position-Beginning of the Year	33,368
Net Position-End of the Year	$ 32,658

The accompanying notes are an integral part of this statement.

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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 and 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.

Capital Projects Fund 616 Construction: This capital projects fund are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or contruction of capital facilities and other capital assets. The non operating fund 616 is considered a major fund for reporting purposes.

In addition, the District reports the following fund types:

Debt Service Fund: This fund is used to account for tax revenues and for the payment of principal, interest, and other related costs on long-term debt for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all the related debt obligations have been met.

Capital Projects Funds: Fund 617 Construction Fund and the Fund 618 QZAB for Krause Elemetnary 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.

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 are 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 fit this category.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties both inside and outside of 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 and 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.

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.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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:

Asset Class	Estimated Useful Life
Building 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 acquisition 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 service lives of pension plan members. A deferred charge has been recognized for employer pension plan, as well as OPEB 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 and OPEB liability during the measurement period in which the contributions were made. Deferred outflows of resources are recognized for the differences between the projected and actual investment earnings on the OPEB 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 contributions related to the District's defined benefit plan, as well, its OPEB plan. These amounts are deferred and amortized over the average of the expected service lives of pension and OPEB 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 of resources,* represents an acquisition of net position that applies to one or more future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four 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 and OPEB plans. These amounts are amortized over the average of the expected service lives of pension plan and OPEB plan members. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings in the pension plan. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and differences between the employer's contributions and the proportionate share of contributions 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. At the fund level, the District has only one type of item, which arises only under 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 revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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. Committed amounts cannot be used for any other purpose unless the Board 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. 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 or by an official or body to which the Board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

k. Net Position 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 prvileges 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.

n. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and other postemployment benefits (OPEB) plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. Teacher Retirement System of Texas (TRS) and Texas Public School Retired Employees Group Insurance Program (TRS-Care) benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the statement of activities in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

During the year under audit, the NECE expense was negative due to changes in benefits within TRS-care.The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the statement of activities.

Following are the effects on the statement of activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions (Excluding On-Behalf Accruals)	Negative On-Behalf Accruals	Operating Grants and Contributions As Reported
11 - Instruction	$ 2,965,083	$ (3,725,218)	$ (760,135)
12 - Instructional Resources and Media Services	17,793	(48,258)	(30,465)
13 - Curriculum and Instructional Staff Development	222,685	(99,478)	123,207
21 - Instructional Leadership	--	(146,773)	(146,773)
23 - School Leadership	40,709	(404,267)	(363,558)
31 - Guidance, Counseling, and Evaluation Services	403,026	(500,940)	(97,914)
32 - Social Work Services	5,772	(5,756)	16
33 - Health Services	23,396	(71,869)	(48,473)
34 - Student (Pupil) Transportation	75,174	--	75,174
35 - Food Services	1,855,255	(465,386)	1,389,869
36 - Extracurricular Activities	12,078	(159,590)	(147,512)
41 - General Administration	28,432	(247,573)	(219,141)
51 - Facilities Maintenance and Operations	119,199	(154,620)	(35,421)
52 - Security and Monitoring Services	6,184	(2,510)	3,674
53 - Data Processing Services	76,605	(47,158)	29,447
61 - Community Services	70,968	(31,601)	39,367
72 - Interest on Long-term Debt	60,303	--	60,303
	$ 5,982,661	$ (6,110,996)	$ (128,335)

4. Pensions

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

5. Other Postemployment Benefits

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

6. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by GASB: Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (the '"Statement").

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* The financial statements and note dislosures have been updated for the effects of the adoption of GASB Statement No.75.

B. 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, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $4,087,976 and the bank balance was $4,587,456. The District's cash deposits at August 31, 2018, and during the year ended August 31, 2018, 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, 2018 are shown below.

Investment or Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	$ 723,447	-
Texas CLASS	5,283,526	-
Lone Star	200,469	-
Certificates of Deposit	10,069,868	-
Certificate of Deposit Account Registry Service (CDARS)	752,318	0.66
Total Investments	$ 17,029,628	
Portfolio weighted average maturity		0.42

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, 2018, 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:

Investment or Investment Type	Administrator	Rating
TexPool	Federated Investors, Inc	AAAm*
Texas CLASS	Public Trust Advisors, LLC	AAAm*
Lone Star	First Public, LLC	AAA*

*Rated by Standard and 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.

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, 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 one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of $1.00.

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 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 District invests in Texas Cooperative Liquid Assets Securities System Trust - Texas (CLASS), which is a local government investment pool organized 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. Texas CLASS is governed by a board of trustees, elected annually by its participants. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the "Participants"), Public Trust Advisors LLC (PTA) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS is rated at a 'AAAm' or equivalent rating from at least one nationally recognized rating agency and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS seeks to maintain a net asset value of $1 .00 per unit and is designed to be used for investment of funds which may be needed at any time.

C. Capital Assets

Capital asset activity for the year ended August 31, 2018 was as follows:

	*Reclassified Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,835,660	$ --	$ --	$ 2,835,660
Construction in progress	437,685	2,847,207	--	3,284,892
Total capital assets not being depreciated	3,273,345	2,847,207	--	6,120,552
Capital assets being depreciated:				
Buildings and improvements	92,512,501	324,033	--	92,836,534
Equipment	2,338,543	234,651	--	2,573,193
Vehicles	4,342,912	48,785	--	4,391,697
Total capital assets being depreciated	99,193,956	607,469	--	99,801,424
Less accumulated depreciation for:				
Buildings and improvements	(42,035,079)	(2,050,135)	--	(44,085,214)
Equipment	(1,681,237)	(91,741)	--	(1,772,978)
Vehicles	(3,690,081)	(141,725)	--	(3,831,806)
Total accumulated depreciation	(47,406,398)	(2,283,601)	--	(49,689,998)
Total capital assets being depreciated, net	51,787,558	(1,676,132)	--	50,114,426
Governmental activities capital assets, net	$ 55,060,903	$ 1,171,075	$ --	$ 56,231,978

*Certain prior year capital assets have been reclassifed to a different asset class to correspond to the asset class assigned within the District's internal records.

Depreciation was charged to functions as follows:

Instruction	$	1,440,855
Instructional Resources and Media Services		68,434
Curriculum and Staff Development		15,291
Instructional Leadership		24,459
School Leadership		15,291
Student Transportation		250,264
Food Services		120,694
Extracurricular Activities		162,663
General Administration		25,044
Plant Maintenance and Operations		97,262
Data Processing Services		63,345
	$	2,283,601

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2018 consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
General Fund	Other Governmental Funds	$	331,876	Short-term loans
Capital Projects Fund 616	General Fund		381,509	Short-term loans
	Total	$	713,385	

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, 2018 consisted of the following:

Transfers From	Transfers To		Amount	Reason
General Fund	Capital Projects Fund 616		381,509	Supplement other funds sources
General Fund	Enterprise Fund		10,000	Supplement other funds sources
General Fund	Other Governmental Funds		108,612	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds		9,427	Supplement other funds sources
	Total	$	509,548	

E. 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, 2018 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
MTN, Series 2003	$ 138,577	$ --	$ (138,577)	$ --	$ --
QSCB MTN, Series 2010	2,100,000	--	(300,000)	1,800,000	300,000
Refunding, Series 2012	31,146,254	--	(1,044,163)	30,102,091	1,123,718
Refunding, Series 2014	619,371	--	(363,464)	255,907	255,907
QZAB MTN, Series 2016	4,030,000	--	--	4,030,000	160,000
Capital Lease	--	136,554	--	136,554	68,277
Total bonds, notes and leases	$ 38,034,202	$ 136,554	$ (1,846,204)	$ 36,324,552	$ 1,907,902
Other liabilities:					
Net issuance premiums (discounts)	$ 2,460,954	$ --	$ (272,474)	$ 2,188,480	--
Accreted interest	7,028,055	885,668	(532,373)	7,381,350	--
Net pension liability	8,980,509	--	(1,957,612)	7,022,897	--
Net OPEB liability	26,176,079	--	(11,349,215)	14,826,864	--
Total governmental activities	$ 82,679,799	$ 1,022,222	$ (15,957,878)	$ 67,744,143	$ 1,907,902
Long-term liabilities due in more than one year				$ 65,836,241	

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 Fund, and the Capital Projects Funds. These bonds, notes, and leases were issued as school building bonds, refunding bonds, qualified school construction bonds (QSCB), maintenance tax notes, qualified zone academy bonds (QZAB), limited maintenance tax notes, and a capital lease. Interest rates on the bonds and notes are 1.00% for Series 2010, 2.75% to 3.125% for Series 2012, 1.00% to 1.65% for Series 2014, 4.19% for Series 2016. Interest expense was $939,787 for the year ended August 31, 2018.

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 reqistered obligations and have principal installments of $160,000 on August 15, 2019 through 2031.

The District entered into a capital lease agreement with SHI Government Corporation in the amount of $136,554. This lease is to help equip teachers with updated devices and will be divided into two annual payments in the 2018-2019 and 2019-2020 school years. The interest rate is 4.19%.

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018 are as follows:

	Bonds		
Year Ending August 31,	Principal	Interest	Total
2019	$ 1,379,625	$ 963,889	$ 2,343,514
2020	1,293,734	1,084,778	2,378,512
2021	1,229,832	1,143,682	2,373,514
2022	1,173,658	1,204,856	2,378,514
2023	1,090,840	1,242,674	2,333,514
2024-2028	5,832,709	5,850,528	11,683,237
2029-2033	6,625,387	5,006,416	11,631,803
2034-2038	4,851,292	6,860,964	11,712,256
2039-2043	6,880,921	3,612,593	10,493,514
Totals	$ 30,357,998	$ 26,970,380	$ 57,328,378

	Maintenance Tax Notes		
Year Ending August 31,	Principal	Interest	Total
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	460,000	4,500	464,500
2024-2028	2,220,000	1,500	2,221,500
2029-2033	1,310,000	--	1,310,000
Totals	$ 5,830,000	$ 54,000	$ 5,884,000

	Capital Lease		
Year Ending August 31,	Principal	Interest	Total
2019	$ 68,277	$ 2,982	$ 71,259
2020	68,277	2,982	71,259
Totals	$ 136,554	$ 59,964	$ 196,518

F. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rent expenditures recognized for the District during the fiscal year ended August 31, 2018 were $183,695.

G. 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 2018, 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.

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

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

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.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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 postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment 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

		2017	2018
Member		7.7%	7.7%
NECE - State		6.8%	6.8%
Employers		6.8%	6.8%
District's 2017 Employer Contributions	$	719,851	
District's 2017 Member Contributions	$	712,194	
NECE 2017 On-Behalf Contributions to District	$	1,596,810	

Contributors to the plan include members, employers, and the State of Texas as the only NECE. 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 NECE 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
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 Postemployment 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.

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 NECE 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, 2017 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2017

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%**

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.
** The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

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 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	$ 11,839,216	$ 7,022,897	$ 3,012,529

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

At August 31, 2018, the District reported a liability of $7,022,897 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	$	7,022,897
State's proportionate share that is associated with the District		15,611,299
Total	$	22,634,196

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.0219640%, which was a decrease of 0.0018012% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of 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, 2018, the District recognized pension expense of $1,190,768 and revenue of $1,190,768 for support provided by the State.

At August 31, 2018, 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	$	102,748	$	378,736
Changes in actuarial assumptions		319,904		183,138
Difference between projected and actual investment earnings		--		511,813
Changes in proportion and difference between the District's contributions and the proportionate share of contributions		1,879,272		540,633
Contributions paid to TRS subsequent to the measurement date		861,545		--
Total	$	3,163,469	$	1,614,320

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

Year Ended August 31		Pension Expense Amount
2019	$	144,259
2020		592,548
2021		109,814
2022		(36,118)
2023		(45,920)
Thereafter		(76,979)
Total	$	687,604

I. Defined Other Postemployment Benefit Plans

1. Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan that has a special funding situation. TRS-Care is administered through a trust by TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of TRS-Care as of August 31, 2017 are as follows:

Total OPEB liability	$ 43,885,784,621
Less: plan fiduciary net position	399,535,986
Net OPEB liability	$ 43,486,248,635
Net position as a percentage of total OPEB liability	0.91%

3. Benefits Provided

TRS-Care provides a basic health insurance coverage, TRS-Care 1 (the "Basic Plan"), at no cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A and B coverage, with 20 to 29 years of service, for the Basic Plan and the two Optional Health Insurance Plans:

TRS-Care Plan Premium Rates
Effective September 1, 2016 - December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	$ --	$ 70	$ 100
Retiree and Spouse	$ 20	$ 175	$ 255
Retiree* and Children	$ 41	$ 132	$ 182
Retiree and Family	$ 61	$ 237	$ 337
Surviving Children Only	$ 28	$ 62	$ 82

* or surviving spouse

4. Contributions

Contribution rates for TRS-Care are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees, and school districts based upon public school district payroll. The TRS Board does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates

	2017	2018
Active Employee	0.65%	0.65%
NECE - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions		$ 177,263
Current fiscal year Member contributions		$ 72,706
2017 measurement year NECE contributions		$ 260,877

In addition to the employer contributions listed above, there is an additional surcharge, which all TRS employers are subject (regardless of whether they participate in TRS-Care). When employers hire a TRS retiree, they are required to pay a monthly surcharge of $535 per retiree to TRS-Care.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of $15.6 million in fiscal year 2017 and $182.6 million in fiscal year 2018.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

1. Rates of Mortality
2. Rates of Retirement
3. Rates of Termination
4. Rates of Disability Incidence
5. General Inflation
6. Wage Inflation
7. Expected Payroll Growth

Additional actuarial methods and assumptions are as follows:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Postemployment Benefit Changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retirees, 10.00% for Medicare retirees, and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and NECE are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Sensitivity of the Net OPEB Liability

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

	1%Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	$ 17,499,380	$ 14,826,864	$ 12,678,763

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	$ 12,344,845	$ 14,826,864	$ 18,083,584

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

At August 31, 2018, the District reported a liability of $14,826,864 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 14,826,864
State's proportionate share that is associated with the District	21,820,634
Total	$ 36,647,498

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net OPEB liability was 0.0340955%.

9. Changes Since the Prior Actuarial Valuation.

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period:

a. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.

b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.

c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac Tax." In this valuation, the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

a. 2018 thresholds of $850/$2,292 were indexed annually by 2.50%.

b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.

c. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long-term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of $(7,301,764) and revenue of $(7,301,764) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ --	$ 309,522
Changes in actuarial assumptions	--	5,892,583
Differences between projected and actual investment earnings	2,252	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	68	--
Contributions paid to TRS subsequent to the measurement date	252,108	--
	$ 254,428	$ 6,202,105

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

Year Ended August 31	Expense Amount
2019	$ (818,068)
2020	(818,068)
2021	(818,068)
2022	(818,068)
2023	(818,631)
Thereafter	(2,108,882)
Total	$ (6,199,785)

J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of $325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable September 1, 2018, and terms of coverage and premium costs are included in the contractual provisions.

K. 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, 2018.

L. Shared Services Arrangements

The District participates in a shared services arrangement (SSA) for the improvement of the education of limited English proficient children funded under ESEA Title III, Part A, English Language Acquisition and Language Enhancement. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for all financial activities of the SSA.

M. Unemployment Compensation

During the year ended August 31, 2018, 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, 2018, 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, 2017 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, 2018, the District provided workers' 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

Beginning net position for governmental activities was restated to recognize the OPEB liability for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and beginning fund balance for the general fund was restated to clear a reconciling cash adjustment from a prior year.

	General Fund	Governmental Activities
Beginning Net Position/Fund Balance	$ 11,898,652	$ 23,852,926
Payroll cash adjustment	329,821	329,821
Net OPEB liability	--	(26,176,079)
Deferred outflows - contributions after the measurement date (OPEB)	--	177,263
Beginning Net Position/Fund Balance-Restated	$ 12,228,473	$ (1,816,069)

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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, 2018

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 27,849,826	$ 28,452,074	$ 28,647,638	$ 195,564
5800	*State Program Revenues*	14,703,954	14,920,237	15,178,638	258,401
5900	*Federal Program Revenues*	633,500	685,502	708,755	23,253
5020	Total Revenues	43,187,280	44,057,813	44,535,031	477,218
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	*Instruction*	24,703,176	24,818,755	24,745,674	73,081
0012	*Instructional Resources and Media Services*	561,329	584,697	581,458	3,239
0013	*Curriculum and Staff Development*	339,648	422,847	413,687	9,160
	Total Instruction and Instr. Related Services	25,604,153	25,826,299	25,740,819	85,480
	Instructional and School Leadership:				
0021	*Instructional Leadership*	641,388	571,669	568,566	3,103
0023	*School Leadership*	2,436,016	2,642,470	2,633,062	9,408
	Total Instructional and School Leadership	3,077,403	3,214,140	3,201,628	12,512
	Support Services - Student (Pupil):				
0031	*Guidance, Counseling and Evaluation Services*	1,211,529	1,257,188	1,253,722	3,466
0032	*Social Work Services*	55,348	56,458	47,992	8,466
0033	*Health Services*	566,734	594,314	591,467	2,847
0034	*Student (Pupil) Transportation*	2,297,000	1,991,824	1,965,473	26,351
0035	*Food Services*	66,475	70,368	68,522	1,846
0036	*Cocurricular/Extracurricular Activities*	1,539,069	1,741,362	1,698,310	43,052
	Total Support Services - Student (Pupil)	5,736,155	5,711,514	5,625,486	86,028
	Administrative Support Services:				
0041	*General Administration*	2,036,606	2,203,325	2,103,959	99,366
	Total Administrative Support Services	2,036,606	2,203,325	2,103,959	99,366
	Support Services - Nonstudent Based:				
0051	*Plant Maintenance and Operations*	4,677,701	5,074,962	5,062,586	12,376
0052	*Security and Monitoring Services*	297,929	349,138	336,304	12,834
0053	*Data Processing Services*	720,859	779,285	773,619	5,666
	Total Support Services - Nonstudent Based	5,696,489	6,203,385	6,172,509	30,876
	Ancillary Services:				
0061	*Community Services*	124,445	125,062	111,854	13,208
	Total Ancillary Services	124,445	125,062	111,854	13,208
	Debt Service:				
0071	*Principal on Long-Term Debt*	300,000	300,000	300,000	--
0072	*Interest on Long-Term Debt*	19,500	19,500	19,500	--
0073	*Bond Issuance Costs and Fees*	1,000	1,000	500	500
	Total Debt Service	320,500	320,500	320,000	500
	Capital Outlay:				
0081	*Capital Outlay*	210,019	80,019	79,449	570
	Total Capital Outlay	210,019	80,019	79,449	570
6030	Total Expenditures	42,805,771	43,684,244	43,355,704	328,540

BRENHAM INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	$ 398,809	$ 373,569	$ 1,179,327	$ 805,758
	Other Financing Sources (Uses):				
7913	*Issuance of Capital Leases*	--	--	136,554	136,554
7915	*Transfers In*	--	--	--	--
8911	*Transfers Out*	(391,509)	(391,509)	(500,121)	(108,612)
7080	Total Other Financing Sources and (Uses)	(391,509)	(391,509)	(363,567)	27,942
1200	Net Change in Fund Balance	--	(17,940)	815,760	833,700
0100	Fund Balance - Beginning	11,898,652	11,898,652	11,898,652	--
1300	Prior Period Adjustment	329,821	329,821	329,821	--
0100	Fund Balance - Beginning, as Restated	12,228,473	12,228,473	12,228,473	--
3000	Fund Balance - Ending	$ 12,228,473	$ 12,210,533	$ 13,044,233	$ 833,700

Notes to Required Supplementary Information:

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

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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)
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year*			
	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0219640%	0.0237652%	0.0239005%	0.0133948%
District's proportionate share of the net pension liability (asset)	$ 7,022,897	$ 8,980,509	$ 8,448,509	$ 3,577,936
State's proportionate share of the net pension liability (asset) associated with the District	15,611,299	18,121,670	17,976,490	16,050,650
Total	$ 22,634,196	$ 27,102,179	$ 26,424,999	$ 19,628,586
District's covered employee payroll**	$ 28,359,156	$ 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	24.76%	32.29%	31.18%	13.19%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

* Only four 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 or the total pension liability since the prior measurement period.

Changes of Benefits:

There were no changes of benefit terms that affected meausurement or 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 **

	Fiscal Year* 2018	2017	2016
Contractually required contribution	$ 861,545	$ 719,851	$ 755,079
Contributions in relation to the contractually required contribution	861,545	719,851	755,079
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered employee payroll	$ 30,195,960	$ 28,359,156	$ 27,808,701
Contributions as a percentage of covered employee payroll	2.85%	2.54%	2.72%

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

EXHIBIT G-3

	2015	2014
	$ 707,663	$ 339,596
	707,663	339,596
	$ -	$ -
	$ 27,095,156	$ 27,119,270
	2.61%	1.25%

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)
FOR THE YEAR ENDED AUGUST 31, 2018

		Measurement Year* 2017
District's proportion of the collective net OPEB liability (asset)		0.0340955%
District's proportionate share of the collective net OPEB liability (asset)	$	14,826,864
State proportionate share of the collective net OPEB liability (asset) associated with the District		21,820,634
Total	$	36,647,498
District's covered employee payroll"**	$	28,359,156
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		52.28%
Plan fiduciary net position as a percentage of the total OPEB liability		0.91%

*Only one year's worth of information is currently available.
**As of the measurement date.

Notes to Required Supplementary Information

Changes in Assumptions:

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

Changes in Benefits:

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)
FOR THE YEAR ENDED AUGUST 31, 2018

		Fiscal Year* 2018
Statutorily or contractually required District contribution	$	252,108
Contributions recognized by OPEB in relation to statutorily or contractually required contribution		252,108
Contribution deficiency (excess)	$	--
District's covered employee payroll	$	30,195,960
Contributions as a percentage of covered employee payroll		0.83%

* Only one year's worth of information is currently available.

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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, 2018

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 747,877	$ 138,732	$ 683,513	$ 1,570,122
1120	*Current Investments*	33,222	464,745	255,210	753,177
1220	*Property Taxes Receivable*	--	172,247	--	172,247
1230	*Allowance for Uncollectible Taxes*	--	(40,327)	--	(40,327)
1240	*Due from Other Governments*	413,416	--	--	413,416
1000	Total Assets	$ 1,194,515	$ 735,397	$ 938,723	$ 2,868,635
	LIABILITIES:				
	Current Liabilities:				
2160	*Accrued Wages Payable*	$ 192,411	$ --	$ --	$ 192,411
2170	*Due to Other Funds*	331,876	--	--	331,876
2300	*Deferred Revenue*	70,057	--	--	70,057
2000	Total Liabilities	594,344	--	--	594,344
	DEFERRED INFLOWS OF RESOURCES:				
2600	*Unavailable Revenue for Property Taxes*	--	131,920	--	131,920
2600	Total Deferred Inflows of Resources	--	131,920	--	131,920
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	196,523	--	--	196,523
3470	*Capital Acquisitions & Contractual Obligations*	--	--	938,723	938,723
3480	*Retirement of Long-Term Debt*	--	603,477	--	603,477
3490	*Other Restrictions of Fund Balance*	403,648	--	--	403,648
3000	Total Fund Balances	600,171	603,477	938,723	2,142,371
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,194,515	$ 735,397	$ 938,723	$ 2,868,635

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 1,013,010	$ 2,278,431	$ 47,997	$ 3,339,438
5800	*State Program Revenues*	627,771	60,303	--	688,074
5900	*Federal Program Revenues*	4,495,280	--	--	4,495,280
5020	Total Revenues	6,136,061	2,338,734	47,997	8,522,792
	EXPENDITURES:				
	Current:				
0011	*Instruction*	2,432,546	--	--	2,432,546
0012	*Instructional Resources and Media Services*	31,429	--	--	31,429
0013	*Curriculum and Staff Development*	231,163	--	--	231,163
0021	*Instructional Leadership*	195	--	--	195
0023	*School Leadership*	72,250	--	--	72,250
0031	*Guidance, Counseling, and Evaluation Services*	490,323	--	--	490,323
0033	*Health Services*	14,409	--	--	14,409
0034	*Student Transportation*	16,285	--	--	16,285
0035	*Food Service*	2,568,575	--	--	2,568,575
0036	*Cocurricular/Extracurricular Activities*	684	--	--	684
0053	*Data Processing Services*	43,118	--	--	43,118
0061	*Community Services*	73,660	--	--	73,660
0071	*Principal on Long-term Debt*	--	1,407,627	--	1,407,627
0072	*Interest on Long-term Debt*	--	915,887	--	915,887
0073	*Bond Issuance Costs and Fees*	--	1,000	--	1,000
0081	*Capital Outlay*	--	--	2,956,714	2,956,714
6030	Total Expenditures	5,974,637	2,324,514	2,956,714	11,255,865
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	161,424	14,220	(2,908,717)	(2,733,073)
	Other Financing Sources and (Uses):				
7915	*Transfers In*	9,427	--	108,612	118,039
8911	*Transfers Out*	(9,427)	--	--	(9,427)
7080	Total Other Financing Sources and (Uses)	--	--	108,612	108,612
1200	Net Change in Fund Balances	161,424	14,220	(2,800,105)	(2,624,461)
0100	Fund Balances - Beginning	438,747	589,257	3,738,828	4,766,832
3000	Fund Balances - Ending	$ 600,171	$ 603,477	$ 938,723	$ 2,142,371

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes		211 Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 24,467	$ 88,566	$ 26,997	$ --
1120	*Current Investments*	--	--	--	--
1240	*Due from Other Governments*	116,233	115,559	2,384	--
1000	Total Assets	$ 140,700	$ 204,125	$ 29,381	$ --
	LIABILITIES:				
	Current Liabilities:				
2160	*Accrued Wages Payable*	$ 34,062	$ 73,368	$ 1,478	$ --
2170	*Due to Other Funds*	106,638	130,757	27,903	--
2300	*Deferred Revenue*	--	--	--	--
2000	Total Liabilities	140,700	204,125	29,381	--
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	--	--	--	--
3490	*Other Restrictions of Fund Balance*	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	$ 140,700	$ 204,125	$ 29,381	$ --

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Carl D. Perkins Basic Formula Grant	255 Title II Training and Recruiting	263 English Language Acquisition and Enhancement
$ 201,259	$ 3,241	$ 14,701	$ --	$ --
15,540	--	--	--	--
117,723	--	--	16,879	12,190
$ 334,522	$ 3,241	$ 14,701	$ 16,879	$ 12,190
$ 67,961	$ 3,241	$ --	$ 6,874	$ --
--	--	14,701	10,005	12,190
70,038	--	--	--	--
137,999	3,241	14,701	16,879	12,190
196,523	--	--	--	--
--	--	--	--	--
196,523	--	--	--	--
$ 334,522	$ 3,241	$ 14,701	$ 16,879	$ 12,190

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes		270 Title VI, Part B Subpart 2 Rural School	272 MAC Program	288 LEP Summer School	289 Title IV Part A Subpart 1
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ --	$ --	$ 19	$ --
1120	*Current Investments*	--	--	--	--
1240	*Due from Other Governments*	13,395	--	--	10,423
1000	Total Assets	$ 13,395	$ --	$ 19	$ 10,423
	LIABILITIES:				
	Current Liabilities:				
2160	*Accrued Wages Payable*	$ 2,249	$ --	$ --	$ --
2170	*Due to Other Funds*	11,146	--	--	10,423
2300	*Deferred Revenue*	--	--	19	--
2000	Total Liabilities	13,395	--	19	10,423
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	--	--	--	--
3490	*Other Restrictions of Fund Balance*	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	$ 13,395	$ --	$ 19	$ 10,423

385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	397 Advanced Placement Incentives	410 State Textbook	429 State Special Revenue
$ --	$ --	$ --	$ 48,182	$ --
--	--	--	--	--
1,444	5,480	--	--	1,706
$ 1,444	$ 5,480	$ --	$ 48,182	$ 1,706
$ 167	$ --	$ --	$ 2,661	$ 350
1,277	5,480	--	--	1,356
--	--	--	--	--
1,444	5,480	--	2,661	1,706
--	--	--	--	--
--	--	--	45,521	--
--	--	--	45,521	--
$ 1,444	$ 5,480	$ --	$ 48,182	$ 1,706

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes		490 BHS Campus Activity Fund	491 BMS Campus Activity Fund	492 KES Campus Activity Fund
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 66,301	$ 29,220	$ 40,797
1120	*Current Investments*	506	17,176	--
1240	*Due from Other Governments*	--	--	--
1000	Total Assets	$ 66,807	$ 46,396	$ 40,797
	LIABILITIES:			
	Current Liabilities:			
2160	*Accrued Wages Payable*	$ --	$ --	$ --
2170	*Due to Other Funds*	--	--	--
2300	*Deferred Revenue*	--	--	--
2000	Total Liabilities	--	--	--
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	*Federal/State Funds Grant Restrictions*	--	--	--
3490	*Other Restrictions of Fund Balance*	66,807	46,396	40,797
3000	Total Fund Balances	66,807	46,396	40,797
4000	Total Liabilities and Fund Balances	$ 66,807	$ 46,396	$ 40,797

493 AES Campus Activity Fund	494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund
$ 45,409	$ 105,945	$ 1,748	$ 39,831
--	--	--	--
--	--	--	--
$ 45,409	$ 105,945	$ 1,748	$ 39,831
$ --	$ --	$ --	$ --
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
45,409	105,945	1,748	39,831
45,409	105,945	1,748	39,831
$ 45,409	$ 105,945	$ 1,748	$ 39,831

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BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes		497 Legacy Field Campaign	498 Early Childhoold Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 7,301	$ 3,893	$ 747,877
1120	*Current Investments*	--	--	33,222
1240	*Due from Other Governments*	--	--	413,416
1000	Total Assets	$ 7,301	$ 3,893	$ 1,194,515
	LIABILITIES:			
	Current Liabilities:			
2160	*Accrued Wages Payable*	$ --	$ --	$ 192,411
2170	*Due to Other Funds*	--	--	331,876
2300	*Deferred Revenue*	--	--	70,057
2000	Total Liabilities	--	--	594,344
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	*Federal/State Funds Grant Restrictions*	--	--	196,523
3490	*Other Restrictions of Fund Balance*	7,301	3,893	403,648
3000	Total Fund Balances	7,301	3,893	600,171
4000	Total Liabilities and Fund Balances	$ 7,301	$ 3,893	$ 1,194,515

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		211 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*	1,019,599	1,095,963	26,426	107,006
5020	Total Revenues	1,019,599	1,095,963	26,426	107,006
	EXPENDITURES:				
	Current:				
0011	*Instruction*	910,528	608,682	26,426	97,599
0012	*Instructional Resources and Media Services*	--	--	--	--
0013	*Curriculum and Staff Development*	74,531	--	--	--
0021	*Instructional Leadership*	195	--	--	--
0023	*School Leadership*	--	--	--	--
0031	*Guidance, Counseling, and Evaluation Services*	--	487,281	--	--
0033	*Health Services*	--	--	--	--
0034	*Student Transportation*	--	--	--	9,407
0035	*Food Service*	--	--	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	--
0053	*Data Processing Services*	--	--	--	--
0061	*Community Services*	34,345	--	--	--
6030	Total Expenditures	1,019,599	1,095,963	26,426	107,006
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
	Other Financing Sources and (Uses):				
7915	*Transfers In*	--	--	--	--
8911	*Transfers Out*	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	$ --	$ --	$ --	$ --

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Carl D. Perkins Basic Formula Grant	255 Title II Training and Recruiting	263 English Language Acquisition and Enhancement
$ 679,806	$ 22	$ --	$ --	$ --
13,891	--	--	--	--
1,839,071	60,741	50,137	134,803	43,297
2,532,768	60,763	50,137	134,803	43,297
--	--	50,007	16,185	36,301
--	--	--	--	--
--	--	130	118,618	6,996
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,517,239	51,336	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,517,239	51,336	50,137	134,803	43,297
15,529	9,427	--	--	--
9,427	--	--	--	--
--	(9,427)	--	--	--
9,427	(9,427)	--	--	--
24,956	--	--	--	--
171,567	--	--	--	--
$ 196,523	$ --	$ --	$ --	$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		270 Title VI, Part B Subpart 2 Rural School	272 MAC Program	288 LEP Summer School	289 Title IV Part A Subpart 1
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ --	$ --	$ --
5800	*State Program Revenues*	--	--	--	--
5900	*Federal Program Revenues*	85,741	8,929	2,374	21,193
5020	Total Revenues	85,741	8,929	2,374	21,193
	EXPENDITURES:				
	Current:				
0011	*Instruction*	33,974	--	2,374	--
0012	*Instructional Resources and Media Services*	--	--	--	--
0013	*Curriculum and Staff Development*	12,452	--	--	18,151
0021	*Instructional Leadership*	--	--	--	--
0023	*School Leadership*	--	--	--	--
0031	*Guidance, Counseling, and Evaluation Services*	--	--	--	3,042
0033	*Health Services*	--	8,929	--	--
0034	*Student Transportation*	--	--	--	--
0035	*Food Service*	--	--	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	--
0053	*Data Processing Services*	--	--	--	--
0061	*Community Services*	39,315	--	--	--
6030	Total Expenditures	85,741	8,929	2,374	21,193
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
	Other Financing Sources and (Uses):				
7915	*Transfers In*	--	--	--	--
8911	*Transfers Out*	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	$ --	$ --	$ --	$ --

385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	397 Advanced Placement Incentives	410 State Textbook	429 State Special Revenue
$ --	$ --	$ --	$ --	$ --
6,300	5,480	285	581,746	20,069
--	--	--	--	--
6,300	5,480	285	581,746	20,069
6,300	--	--	493,107	13,163
--	--	--	--	28
--	--	285	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	5,480	--	--	--
--	--	--	--	6,878
--	--	--	--	--
--	--	--	--	--
--	--	--	43,118	--
--	--	--	--	--
6,300	5,480	285	536,225	20,069
--	--	--	45,521	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	45,521	--
--	--	--	--	--
$ --	$ --	$ --	$ 45,521	$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		490 BHS Campus Activity Fund	491 BMS Campus Activity Fund	492 KES Campus Activity Fund
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 79,773	$ 24,436	$ 130,208
5800	*State Program Revenues*	--	--	--
5900	*Federal Program Revenues*	--	--	--
5020	Total Revenues	79,773	24,436	130,208
	EXPENDITURES:			
	Current:			
0011	*Instruction*	1,772	12,347	79,209
0012	*Instructional Resources and Media Services*	980	5,214	9,233
0013	*Curriculum and Staff Development*	--	--	--
0021	*Instructional Leadership*	--	--	--
0023	*School Leadership*	56,352	2,308	969
0031	*Guidance, Counseling, and Evaluation Services*	--	--	--
0033	*Health Services*	--	--	--
0034	*Student Transportation*	--	--	--
0035	*Food Service*	--	--	--
0036	*Cocurricular/Extracurricular Activities*	684	--	--
0053	*Data Processing Services*	--	--	--
0061	*Community Services*	--	--	--
6030	Total Expenditures	59,788	19,869	89,411
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	19,985	4,567	40,797
	Other Financing Sources and (Uses):			
7915	*Transfers In*	--	--	--
8911	*Transfers Out*	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--
1200	Net Change in Fund Balances	19,985	4,567	40,797
0100	Fund Balances - Beginning	46,822	41,829	--
3000	Fund Balances - Ending	$ 66,807	$ 46,396	$ 40,797

493 AES Campus Activity Fund	494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund
$ 41,209	$ 42,606	$ --	$ 6,337
--	--	--	--
--	--	--	--
41,209	42,606	--	6,337
22,560	15,755	--	1,537
5,479	10,100	--	395
--	--	--	--
--	--	--	--
2,605	10,016	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
30,644	35,871	--	1,932
10,565	6,735	--	4,405
--	--	--	--
--	--	--	--
--	--	--	--
10,565	6,735	--	4,405
34,844	99,210	1,748	35,426
$ 45,409	$ 105,945	$ 1,748	$ 39,831

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BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		497 Legacy Field Campaign	498 Early Childhood Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ --	$ 8,613	$ 1,013,010
5800	*State Program Revenues*	--	--	627,771
5900	*Federal Program Revenues*	--	--	4,495,280
5020	Total Revenues	--	8,613	6,136,061
	EXPENDITURES:			
	Current:			
0011	*Instruction*	--	4,720	2,432,546
0012	*Instructional Resources and Media Services*	--	--	31,429
0013	*Curriculum and Staff Development*	--	--	231,163
0021	*Instructional Leadership*	--	--	195
0023	*School Leadership*	--	--	72,250
0031	*Guidance, Counseling, and Evaluation Services*	--	--	490,323
0033	*Health Services*	--	--	14,409
0034	*Student Transportation*	--	--	16,285
0035	*Food Service*	--	--	2,568,575
0036	*Cocurricular/Extracurricular Activities*	--	--	684
0053	*Data Processing Services*	--	--	43,118
0061	*Community Services*	--	--	73,660
6030	Total Expenditures	--	4,720	5,974,637
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	3,893	161,424
	Other Financing Sources and (Uses):			
7915	*Transfers In*	--	--	9,427
8911	*Transfers Out*	--	--	(9,427)
7080	Total Other Financing Sources and (Uses)	--	--	--
1200	Net Change in Fund Balances	--	3,893	161,424
0100	Fund Balances - Beginning	7,301	--	438,747
3000	Fund Balances - Ending	$ 7,301	$ 3,893	$ 600,171

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
AUGUST 31, 2018

Data Control Codes		617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ --	$ 683,513	$ 683,513
1120	*Current Investments*	46,762	208,448	255,210
1000	Total Assets	$ 46,762	$ 891,961	$ 938,723
	FUND BALANCES:			
	Restricted Fund Balances:			
3470	*Capital Acquisitions & Contractual Obligations*	$ 46,762	$ 891,961	$ 938,723
3000	Total Fund Balances	46,762	891,961	938,723
4000	Total Liabilities and Fund Balances	$ 46,762	$ 891,961	$ 938,723

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 20,355	$ 27,642	$ 47,997
5020	Total Revenues	20,355	27,642	47,997
	EXPENDITURES:			
0081	*Capital Outlay*	304,468	2,652,246	2,956,714
6030	Total Expenditures	304,468	2,652,246	2,956,714
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(284,113)	(2,624,604)	(2,908,717)
	Other Financing Sources and (Uses):			
7915	*Transfers In*	108,612	--	108,612
7080	Total Other Financing Sources and (Uses)	108,612	--	108,612
1200	Net Change in Fund Balances	(175,501)	(2,624,604)	(2,800,105)
0100	Fund Balances - Beginning	222,263	3,516,565	3,738,828
3000	Fund Balances - Ending	$ 46,762	$ 891,961	$ 938,723

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2018

Data Control Codes		Enterprise Fund Latchkey Fund	Enterprise Fund Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-1)
	ASSETS:			
	Current Assets:			
1110	*Cash and Cash Equivalents*	$ 30,462	$ 7,855	$ 38,317
	Total Current Assets	30,462	7,855	38,317
1000	Total Assets	30,462	7,855	38,317
	LIABILITIES:			
	Current Liabilities:			
2160	*Accrued Wages Payable*	1,179	3,213	4,392
	Total Current Liabilities	1,179	3,213	4,392
2000	Total Liabilities	1,179	3,213	4,392
	NET POSITION:			
3800	*Restricted*	29,283	4,642	33,925
3000	Total Net Position	$ 29,283	$ 4,642	$ 33,925

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Enterprise Fund Latchkey Fund	Enterprise Fund Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-2)
	OPERATING REVENUES:			
5700	*Local and Intermediate Sources*	$ 38,487	$ 48,349	$ 86,836
5020	Total Revenues	38,487	48,349	86,836
	OPERATING EXPENSES:			
6100	*Payroll Costs*	45,053	52,475	97,528
6300	*Supplies and Materials*	497	1,042	1,539
6400	*Other Operating Costs*	2,108	190	2,298
6030	Total Expenses	47,658	53,707	101,365
	Income (Loss) before Contributions and Transfers	(9,171)	(5,358)	(14,529)
7915	*Transfers In*	--	10,000	10,000
1300	Change in Net Position	(9,171)	4,642	(4,529)
0100	Total Net Position - Beginning	38,454	--	38,454
3300	Total Net Position - Ending	$ 29,283	$ 4,642	$ 33,925

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BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	711 Latchkey Fund	712 Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 38,488	$ 48,349	$ 86,837
Cash Payments to Employees	(47,335)	(53,191)	(100,526)
Net Cash Provided (Used) by Operating Activities	(8,847)	(4,842)	(13,689)
Cash Flows from Noncapital Financing Activities:			
Transfers From (To) Primary Government	--	10,000	10,000
Net Cash Provided (Used) by Noncapital Financing Activities	--	10,000	10,000
Net Increase (Decrease) in Cash and Cash Equivalents	(8,847)	5,158	(3,689)
Cash and Cash Equivalents at Beginning of Year	39,310	2,696	42,006
Cash and Cash Equivalents at End of Year	$ 30,463	$ 7,854	$ 38,317
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (9,171)	$ (5,358)	$ (14,529)
Adjustments to Reconcile Operating Income (Loss) to Net Change in Assets and Liabilities:			
Increase (Decrease) in Accrued Wages Payable	324	516	840
Increase (Decrease) in Transfers	--		--
Total Adjustments	(8,847)	(4,842)	(13,689)
Net Cash Provided (Used) by Operating Activities	$ (8,847)	$ (4,842)	$ (13,689)

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BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2018

Data Control Codes		751 Transportation Fund	798 Contracted Services	Total Internal Service Funds (See Exhibit D-1)
	ASSETS:			
	Current Assets:			
1110	*Cash and Cash Equivalents*	$ 8,035	$ --	$ 8,035
	Total Current Assets	8,035	--	8,035
1000	Total Assets	8,035	--	8,035
	NET POSITION:			
3800	*Restricted*	8,035	--	8,035
3000	Total Net Position	$ 8,035	$ --	$ 8,035

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		751 Transportation Fund	798 Contracted Services	Total Internal Service Funds (See Exhibit D-2)
	OPERATING REVENUES:			
5700	*Local and Intermediate Sources*	$ 14,760	$ 557,057	$ 571,817
5020	Total Revenues	14,760	557,057	571,817
	OPERATING EXPENSES:			
6100	*Payroll Costs*	--	557,057	557,057
6200	*Professional and Contracted Services*	3,156	--	3,156
6300	*Supplies and Materials*	3,569	--	3,569
6030	Total Expenses	6,725	557,057	563,782
1300	Change in Net Position	8,035	--	8,035
0100	Total Net Position - Beginning	--	--	--
3300	Total Net Position - Ending	$ 8,035	$ --	$ 8,035

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	751 Transportation Fund	798 Contracted Services	Total Internal Service Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
Operating Transactions with Other Funds	$ 14,760	$ --	$ 14,760
Receipts from Other Governments		557,057	557,057
Cash Payments to Employees for Services	(6,725)	(557,057)	(563,782)
Net Cash Provided (Used) by Operating Activities	8,035	--	8,035
Net Increase (Decrease) in Cash and Cash Equivalents	8,035	--	8,035
Cash and Cash Equivalents at Beginning of Year	--	--	--
Cash and Cash Equivalents at End of Year	$ 8,035	$ --	$ 8,035
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ 8,035	$ --	$ 8,035
Adjustments to Reconcile Operating Income to Net			
Net Cash Provided (Used) by Operating Activities	$ 8,035	$ --	$ 8,035

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
AUGUST 31, 2018

Data Control Codes		890 Brenham High School Activity	891 Brenham Middle School Activity	892 Brenham Junior High Activity
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 358,186	$ 33,844	$ 31,242
1120	*Current Investments*	--	--	--
1000	Total Assets	358,186	33,844	31,242
	LIABILITIES:			
	Current Liabilities:			
2180	*Due to Other Governments*	--	--	--
2190	*Due to Student Groups*	358,186	33,844	31,242
2000	Total Liabilities	358,186	33,844	31,242
	NET POSITION:			
3000	Total Net Position	$ --	$ --	$ --

	893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington County Appraisal District	Total Agency Funds (See Exhibit E-1)
	$ 5,993	$ 302	$ 91,723	$ 521,290
	--	--	101,439	101,439
	5,993	302	193,162	622,729
	--	--	193,162	193,162
	5,993	302	--	429,567
	5,993	302	193,162	622,729
	$ --	$ --	$ --	$ --

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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, 2018

	1	2	3
	Tax Rates		Assessed/Appraised
Year Ended August 31	Maintenance	Debt Service	Value For School Tax Purposes
2009 and Prior Years	Various	Various	Various
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	$ 1.0400	$ .0950	$ 2,468,576,204
2018 (School Year Under Audit)	$ 1.0400	$ .0850	$ 2,642,621,689
1000 Totals			
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
$ 217,627	$ --	$ 11,230	$ 1,557	$ (28,466)	$ 176,374
40,358	--	5,064	656	(123)	34,515
44,775	--	4,810	605	(128)	39,232
66,056	--	8,838	1,094	(119)	56,005
113,941	--	20,714	2,336	21	90,912
199,732	--	27,669	3,120	(262)	168,681
209,634	--	44,739	4,403	(97)	160,395
313,494	--	80,204	7,894	(786)	224,610
540,745	--	154,113	13,801	(34,672)	338,159
--	29,729,494	26,907,251	2,198,280	--	623,963
$ 1,746,362	$ 29,729,494	$ 27,264,632	$ 2,233,746	$ (64,632)	$ 1,912,846
$ --	$ --	$ --	$ --	$ --	$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 758,699	$ 758,699	$ 679,806	$ (78,893)
5800	*State Program Revenues*	14,000	14,000	13,891	(109)
5900	*Federal Program Revenues*	1,788,070	1,788,070	1,839,071	51,001
5020	Total Revenues	2,560,769	2,560,769	2,532,768	(28,001)
	EXPENDITURES:				
	Current:				
	Support Services - Student (Pupil):				
0035	*Food Services*	2,952,278	2,952,278	2,517,239	435,039
	Total Support Services - Student (Pupil)	2,952,278	2,952,278	2,517,239	435,039
6030	Total Expenditures	2,952,278	2,952,278	2,517,239	435,039
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(391,509)	(391,509)	15,529	407,038
	Other Financing Sources (Uses):				
7915	*Transfers In*	391,509	391,509	9,427	(382,082)
7080	Total Other Financing Sources and (Uses)	391,509	391,509	9,427	(382,082)
1200	Net Change in Fund Balance	--	--	24,956	24,956
0100	Fund Balance - Beginning	171,567	171,567	171,567	--
3000	Fund Balance - Ending	$ 171,567	$ 171,567	$ 196,523	$ 24,956

BRENHAM INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 2,269,436	$ 2,270,187	$ 2,278,431	$ 8,244
5800	*State Program Revenues*	59,078	58,327	60,303	1,976
5020	Total Revenues	2,328,514	2,328,514	2,338,734	10,220
	EXPENDITURES:				
	Debt Service:				
0071	*Principal on Long-Term Debt*	1,407,627	1,407,627	1,407,627	--
0072	*Interest on Long-Term Debt*	915,887	915,887	915,887	--
0073	*Bond Issuance Costs and Fees*	5,000	5,000	1,000	4,000
	Total Debt Service	2,328,514	2,328,514	2,324,514	4,000
6030	Total Expenditures	2,328,514	2,328,514	2,324,514	4,000
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	14,220	14,220
1200	Net Change in Fund Balance	--	--	14,220	14,220
0100	Fund Balance - Beginning	589,257	589,257	589,257	--
3000	Fund Balance - Ending	$ 589,257	$ 589,257	$ 603,477	$ 14,220

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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, 2018, 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 17, 2019.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in 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.

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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 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 17, 2019

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 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, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and matieral 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, 2018.

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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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 17, 2019

BRENHAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

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	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	X None Reported
Noncompliance material to financial statements noted?	___ Yes	X No

2. Federal Awards

Internal control over major programs:		
One or more material weaknesses identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	X 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	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	___ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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BRENHAM INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(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. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	01118	$ 409,303
National School Lunch Program	10.555	01118	1,254,920
Summer Feeding Program	10.559	01118	60,741
Total Passed Through State Department of Education			1,724,964
Total U. S. Department of Agriculture			1,724,964
Total Child Nutrition Cluster			1,724,964
FOOD DISTRIBUTION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
Commodity Supplemental Food Program	10.565	01118	174,848
Total Passed Through State Department of Education			174,848
Total U. S. Department of Agriculture			174,848
Total Food Distribution Cluster			174,848
MEDICAID CLUSTER:			
U. S. Department of Health and Human Services			
Passed Through State Department of Education:			
Medicaid Administrative Claiming Program - MAC	93.778	239-901	8,929
Total Passed Through State Department of Education			8,929
Total U. S. Department of Health and Human Services			8,929
Total Medicaid Cluster			8,929
SPECIAL EDUCATION (IDEA) CLUSTER:			
U. S. Department of Education			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	186600012399016600	918,685
IDEA-B Formula	84.027	196600012399016600	177,278
IDEA-B Discretionary	84.027	66001806	107,006
Total CFDA Number 84.027			1,202,969
IDEA-B Preschool	84.173	186610012399016610	22,155
IDEA-B Preschool	84.173	196610012399016610	4,271
Total CFDA Number 84.173			26,426
Total Passed Through State Department of Education			1,229,395
Total U. S. Department of Education			1,229,395
Total Special Education (IDEA) Cluster			1,229,395

BRENHAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
OTHER PROGRAMS:			
U. S. Department of Education			
Passed Through Region 6 Education Service Center:			
Title III Part A SSA	84.365	239-901	$ 40,888
Total Passed Through Region 6 Education Service Center			
Passed Through State Department of Education:			
Title I Part A - Improving Basic Programs	84.010	18610101239901	975,821
Title I Part A - Improving Basic Programs	84.010	19610101239901	43,778
Total CFDA Number 84.010			1,019,599
Carl D. Perkins Basic Formula Grant	84.048	18420006239901	50,137
Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	18696001239901	85,741
Title III Part A English Language Acquisition & Enhancement	84.365	19671001239901	2,409
Title II Part A - Training and Recruiting	84.367	18694501239901	126,081
Title II Part A - Training and Recruiting	84.367	19694501239901	8,722
Total CFDA Number 84.367			134,803
LEP Summer School	84.369	69551702	2,374
Title IV, Part A, Subpart 1	84.424	18680101239901	18,151
Title IV, Part A, Subpart 1	84.424	19680101239901	3,042
Total CFDA Number 84.424			21,193
Total Passed Through State Department of Education			1,316,256
Total U. S. Department of Education			1,357,144
U.S. Department of Defense			
Direct Program:			
ROTC	12.000	239-901	62,110
Total Passed Through U.S. Department of Defense			62,110
Total U.S. Department of Defense			62,110
Federal Communications Commission			
Direct Program:			
Universal E-Rate	32.000	239-901	109,329
Total Passed Through Federal Communications Commission			109,329
Total Through Federal Communications Commission			109,329
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,666,719

Federal Revenues per SEFA	$ 4,666,719
General Fund SHARS	537,316
Total Revenue per Exhibit C-2	$ 5,204,035

The accompanying notes are an integral part of this schedule.

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Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the 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, 2018

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 Teacher 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?	$	7,381,350
SF11	Net pension asset (object 1920) at fiscal year-end	$	--
SF12	Net pension liability (object 2540) at fiscal year-end	$	7,022,897