

BRENHAM  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2019*

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Brenham Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2019

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*Introductory Section*

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CERTIFICATE OF BOARD

Brenham Independent School District  
Name of School District

Washington  
County

239-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2019, at a meeting of the board of trustees of such school district on the 21 day of January, 2020.

Susan Jenkins  
Signature of Board Secretary

W. J. Lange  
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and other postemployment benefit liability, and schedules of District contributions, identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are fairly stated in all material respects in relation to the 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 9, 2020 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 Accountants*  
Houston, Texas  
January 9, 2020

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*Management's Discussion and Analysis*

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# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2019

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, 2019. It should be read in conjunction with the District's financial statements.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2019 was \$3,972,402.
- For the year, the District's general fund reported a total fund balance of \$12,792,349, of which \$31,806 is nonspendable for inventories, \$1,400,000 is committed for construction, and \$11,360,543 is unassigned. The debt service fund reported a fund balance of \$712,579, which is restricted and the capital projects funds reported a combined fund balance of \$1,283,572, which is restricted.
- 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 \$15,403,500.

### 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 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. These statements include 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.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2019

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 explains 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 statement 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.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2019

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$3,972,402 at August 31, 2019. *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, 2019. Within *Table 2*, the District reported a decrease of \$652,056 in net position from the prior year. Current assets decreased while capital assets increased due to the completion of ongoing projects. Current liabilities increased due to outstanding construction invoices at fiscal year end. Long-term liabilities increased due to the increases in the net pension/other postemployment benefit (OPEB) plans and due to the issuance of a loan with the State Energy Conservation Office (SECO) during the year. Revenues for the District increased significantly in operating grants and contributions due to the prior year negative revenues related to nonemployer contributing entity (NECE) on-behalf accruals for the OPEB plan. State revenue decreased due to receiving less than anticipated in State funding. Expenses increased significantly in instruction; school leadership; guidance, counseling, and evaluation services; student transportation; food services; extracurricular activities; and general administration due to the prior year negative expenses related to NECE on-behalf accruals for the OPEB plan and the current year increase in the net pension/OPEB liabilities.

**Table 1**  
**Net Position**

Description	Governmental Activities		Business-Type Activities		Total Change
	2019	2018	2019	2018	2018-2019
Current assets	\$ 21,197,209	\$ 22,690,875	\$ 29,887	\$ 38,317	\$ (1,502,096)
Capital assets	59,795,417	56,231,978	-	-	3,563,439
<b>Total Assets</b>	<b>80,992,626</b>	<b>78,922,853</b>	<b>29,887</b>	<b>38,317</b>	<b>2,061,343</b>
Deferred charge on refunding	409,247	591,816	-	-	(182,569)
Deferred outflows related to pensions	8,556,732	3,163,469	-	-	5,393,263
Deferred outflows related to OPEB	2,898,384	254,428	-	-	2,643,956
<b>Total Deferred Outflows of Resources</b>	<b>11,864,363</b>	<b>4,009,713</b>	<b>-</b>	<b>-</b>	<b>7,854,650</b>
Current liabilities	4,295,498	2,781,465	4,660	4,392	1,514,301
Long-term liabilities	77,622,085	67,744,143	-	-	9,877,942
<b>Total Liabilities</b>	<b>81,917,583</b>	<b>70,525,608</b>	<b>4,660</b>	<b>4,392</b>	<b>11,392,243</b>
Deferred inflows related to pensions	1,217,622	1,614,320	-	-	(396,698)
Deferred inflows related to OPEB	5,774,609	6,202,105	-	-	(427,496)
<b>Total Deferred Inflows of Resources</b>	<b>6,992,231</b>	<b>7,816,425</b>	<b>-</b>	<b>-</b>	<b>(824,194)</b>
<b>Net Position:</b>					
Net invested in capital assets	16,204,185	19,202,723	-	-	(2,998,538)
Restricted	1,327,579	4,644,066	25,227	33,925	(3,325,185)
Unrestricted	(13,584,589)	(19,256,256)	-	-	5,671,667
<b>Total Net Position</b>	<b>\$ 3,947,175</b>	<b>\$ 4,590,533</b>	<b>\$ 25,227</b>	<b>\$ 33,925</b>	<b>\$ (652,056)</b>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

**Table 2**  
**Changes in Net Position**

	Governmental		Total Change 2019-2018	Business-Type	
	Activities			Activities	
	2019	2018		2019	2018
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 1,262,292	\$ 1,285,334	\$ (23,042)	\$ 78,395	\$ 86,836
Operating grants and contributions	10,393,572	(128,335)	10,521,907	-	-
General revenues:					
Property taxes	31,346,352	29,991,443	1,354,909	-	-
Grants and contributions not restricted				-	-
for specific programs	12,301,347	13,090,241	(788,894)	-	-
Investment earnings	675,355	467,262	208,093	-	-
Other revenue	658,819	802,489	(143,670)	-	-
Transfers	(10,000)	(10,000)	-	10,000	10,000
<b>Total Revenue</b>	<b>56,627,737</b>	<b>45,498,434</b>	<b>11,129,303</b>	<b>88,395</b>	<b>96,836</b>
<b>Expenses</b>					
Instruction	31,865,216	20,647,365	11,217,851	-	-
Instructional resources and media services	739,493	574,311	165,182	-	-
Curriculum and staff development	762,705	444,027	318,678	-	-
Instructional leadership	672,342	300,911	371,431	-	-
School leadership	2,859,355	1,821,617	1,037,738	-	-
Guidance, counseling, and evaluation services	2,150,018	638,241	1,511,777	-	-
Social work services	53,740	40,220	13,520	-	-
Health services	601,642	440,977	160,665	-	-
Student (pupil) transportation	3,027,977	2,219,584	808,393	-	-
Food services	3,006,896	1,809,629	1,197,267	-	-
Extracurricular activities	1,988,053	1,505,872	482,181	-	-
General administration	2,152,954	1,545,598	607,356	-	-
Plant maintenance and operations	4,720,633	4,658,358	62,275	-	-
Security and monitoring services	547,675	329,705	217,970	-	-
Data processing services	866,362	787,464	78,898	-	-
Community services	223,535	108,556	114,979	97,093	101,365
Interest on long-term debt	1,030,099	1,217,897	(187,798)	-	-
Bond issuance costs and fees	2,400	1,500	900	-	-
<b>Total Expenses</b>	<b>57,271,095</b>	<b>39,091,832</b>	<b>18,179,263</b>	<b>97,093</b>	<b>101,365</b>
<b>Change in Net Position</b>	<b>(643,358)</b>	<b>6,406,602</b>	<b>(7,049,960)</b>	<b>(8,698)</b>	<b>(4,529)</b>
Beginning net position	4,590,533	(1,816,069)	6,406,602	33,925	38,454
<b>Ending Net Position</b>	<b>\$ 3,947,175</b>	<b>\$ 4,590,533</b>	<b>\$ (643,358)</b>	<b>\$ 25,227</b>	<b>\$ 33,925</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the close of the fiscal year end August 31, 2019, the District's governmental funds reported a combined fund balance of \$15,403,500. This compares to a combined fund balance of \$18,580,260 at August 31, 2018. The fund balance in the general fund decreased primarily due to ongoing projects which were partially offset by proceeds from the issuance of the SECO loan. The fund balance in the debt service fund increased due to an increase in property tax revenues. The capital projects fund fund balance decreased due to the completion of the Krause Elementary renovation. The District's combined governmental funds revenue increased by \$1,749,868. This consisted of an increase in local revenue due to receiving more property tax revenue due to an increase in appraised values. The total combined revenue was \$55,153,209 this year compared to \$53,403,341 last year. The District's combined governmental funds expenditures increased by \$4,712,655 due to increases in instructional costs; school leadership; guidance, counseling, and evaluation services; student transportation; food service; cocurricular/extracurricular activities; general administration; facilities maintenance and operations; long-term debt; and capital outlay projects during the year. Total expenditures were \$59,603,178 this year compared to \$54,890,523 last year.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2019**

### **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, 2019, 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 \$1,138,873 due to greater than anticipated state revenue and local revenues due to an increase in property tax revenue. The budgeted expenditures exceeded actual expenditures by \$626,132 due to spending less in instruction, instructional resources and media services, health services, plant maintenance and operations, and capital outlay.

### **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 \$59,795,417 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, vehicles, and District equipment. This total includes \$5,139,865 invested in land, buildings and improvements, equipment, and vehicles, and \$5,458,390 in construction in progress during the fiscal year ended August 31, 2019.

Major capital asset events during the year included the following:

- Completion of batting cages project for \$124,500
- Completion of the softball field project for \$88,480
- Completion of the Early Childhood Learning Center (ECLC) library remodel for \$122,793
- Completion of the Krause Elementary School for \$4,267,070
- Purchase of a band hall chiller for \$72,000
- Purchase of a new truck for \$12,000
- Purchase of a Ford Edge for \$23,812
- Purchase of roof replacement for \$61,335
- Purchase of field house flooring for \$43,889
- Purchase of new air conditioning units at ECLC for \$18,091
- Purchase of land for \$30,585
- Construction in progress for high school upgrades of \$2,857,233
- Construction in progress for the State Energy Conservation Office energy project for \$1,548,545

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 \$35,699,859 in general obligation bonds, notes, a capital lease, and a loan outstanding versus \$36,324,552 last year. The District issued a loan during the 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 2019-2020 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.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2019*

## **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.

*Basic Financial Statements*

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2019**

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 4,777,987	\$ 29,886	\$ 4,807,873
1120	13,055,173	--	13,055,173
1220	1,940,784	--	1,940,784
1230	(374,941)	--	(374,941)
1240	1,761,079	--	1,761,079
1260	(1)	1	--
1290	5,322	--	5,322
1300	31,806	--	31,806
Capital Assets:			
1510	2,866,245	--	2,866,245
1520	51,419,527	--	51,419,527
1530	905,365	--	905,365
1530	463,839	--	463,839
1580	4,140,441	--	4,140,441
1000	<u>80,992,626</u>	<u>29,887</u>	<u>81,022,513</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
1700	409,247	--	409,247
1705	8,556,732	--	8,556,732
1706	2,898,384	--	2,898,384
1700	<u>11,864,363</u>	<u>--</u>	<u>11,864,363</u>
<b>LIABILITIES:</b>			
2110	1,430,405	--	1,430,405
2140	78,827	--	78,827
2165	2,584,215	4,660	2,588,875
2177	27,598	--	27,598
2300	174,453	--	174,453
Noncurrent Liabilities:			
2501	1,861,509	--	1,861,509
2502	43,422,541	--	43,422,541
2540	14,076,904	--	14,076,904
2545	18,261,131	--	18,261,131
2000	<u>81,917,583</u>	<u>4,660</u>	<u>81,922,243</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2605	1,217,622	--	1,217,622
2606	5,774,609	--	5,774,609
2600	<u>6,992,231</u>	<u>--</u>	<u>6,992,231</u>
<b>NET POSITION:</b>			
3200	16,204,185	--	16,204,185
Restricted For:			
3820	232,485	--	232,485
3850	712,579	--	712,579
3890	382,515	25,227	407,742
3900	(13,584,589)	--	(13,584,589)
3000	<u>\$ 3,947,175</u>	<u>\$ 25,227</u>	<u>\$ 3,972,402</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

		1	3	4
		Program Revenues		
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	<i>Instruction</i>	\$ 31,865,216	\$ 303,889	\$ 5,293,009
12	<i>Instructional Resources and Media Services</i>	739,493	--	60,372
13	<i>Curriculum and Staff Development</i>	762,705	--	329,928
21	<i>Instructional Leadership</i>	672,342	--	74,751
23	<i>School Leadership</i>	2,859,355	--	318,580
31	<i>Guidance, Counseling, and Evaluation Services</i>	2,150,018	--	911,468
32	<i>Social Work Services</i>	53,740	--	4,382
33	<i>Health Services</i>	601,642	25,130	64,563
34	<i>Student Transportation</i>	3,027,977	--	284,793
35	<i>Food Service</i>	3,006,896	704,728	2,172,574
36	<i>Cocurricular/Extracurricular Activities</i>	1,988,053	177,315	199,536
41	<i>General Administration</i>	2,152,954	--	162,705
51	<i>Facilities Maintenance and Operations</i>	4,720,633	--	175,976
52	<i>Security and Monitoring Services</i>	547,675	--	84,711
53	<i>Data Processing Services</i>	866,362	--	90,733
61	<i>Community Services</i>	223,535	51,230	109,928
72	<i>Interest on Long-term Debt</i>	1,030,099	--	55,563
73	<i>Bond Issuance Costs and Fees</i>	2,400	--	--
TG	Total Governmental Activities	57,271,095	1,262,292	10,393,572
	Business-type Activities:			
01	<i>Latchkey Enterprise</i>	41,836	35,862	--
02	<i>BISD Child Development Center</i>	55,257	42,533	--
TB	Total Business-type Activities	97,093	78,395	--
TP	Total Primary Government	\$ 57,368,188	\$ 1,340,687	\$ 10,393,572
	General Revenues:			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Service</i>			
IE	<i>Investment Earnings</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
MI	<i>Miscellaneous</i>			
FR	<i>Transfers</i>			
TR	Total General Revenues and Transfers			
CN	Change in Net Position			
NB	Net Position - Beginning			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (26,268,318)	\$ --	\$ (26,268,318)
(679,121)	--	(679,121)
(432,777)	--	(432,777)
(597,591)	--	(597,591)
(2,540,775)	--	(2,540,775)
(1,238,550)	--	(1,238,550)
(49,358)	--	(49,358)
(511,949)	--	(511,949)
(2,743,184)	--	(2,743,184)
(129,594)	--	(129,594)
(1,611,202)	--	(1,611,202)
(1,990,249)	--	(1,990,249)
(4,544,657)	--	(4,544,657)
(462,964)	--	(462,964)
(775,629)	--	(775,629)
(62,377)	--	(62,377)
(974,536)	--	(974,536)
(2,400)	--	(2,400)
<u>(45,615,231)</u>	<u>--</u>	<u>(45,615,231)</u>
--	\$ (5,974)	(5,974)
--	(12,724)	(12,724)
--	(18,698)	(18,698)
<u>(45,615,231)</u>	<u>(18,698)</u>	<u>(45,633,929)</u>
28,974,338	--	28,974,338
2,372,014	--	2,372,014
675,355	--	675,355
12,301,347	--	12,301,347
658,819	--	658,819
(10,000)	10,000	--
<u>44,971,873</u>	<u>10,000</u>	<u>44,981,873</u>
(643,358)	(8,698)	(652,056)
4,590,533	33,925	4,624,458
<u>\$ 3,947,175</u>	<u>\$ 25,227</u>	<u>\$ 3,972,402</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 2,937,185	\$ 1,829,606	\$ 4,766,791
1120	Current Investments	11,651,215	1,403,958	13,055,173
1220	Property Taxes Receivable	1,772,818	167,966	1,940,784
1230	Allowance for Uncollectible Taxes	(333,847)	(41,094)	(374,941)
1240	Due from Other Governments	1,249,404	511,675	1,761,079
1260	Due from Other Funds	369,319	15,408	384,727
1290	Other Receivables	5,322	--	5,322
1300	Inventories	31,806	--	31,806
1000	Total Assets	<u>\$ 17,683,222</u>	<u>\$ 3,887,519</u>	<u>\$ 21,570,741</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 967,216	\$ 463,189	\$ 1,430,405
2150	Payroll Deductions and Withholdings	--	--	--
2160	Accrued Wages Payable	2,350,051	234,163	2,584,214
2170	Due to Other Funds	1,076	383,652	384,728
2177	Due to Fiduciary Funds	27,598	--	27,598
2300	Unearned Revenue	105,961	68,492	174,453
2000	Total Liabilities	<u>3,451,902</u>	<u>1,149,496</u>	<u>4,601,398</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2600	Unavailable Revenue for Property Taxes	1,438,971	126,872	1,565,843
2600	Total Deferred Inflows of Resources	<u>1,438,971</u>	<u>126,872</u>	<u>1,565,843</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	31,806	--	31,806
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	232,485	232,485
3470	Capital Acquisitions and Contractual Obligations	--	1,283,572	1,283,572
3480	Retirement of Long-Term Debt	--	712,579	712,579
3490	Other Restrictions of Fund Balance	--	382,515	382,515
Committed Fund Balances:				
3510	Construction	1,400,000	--	1,400,000
3600	Unassigned	11,360,543	--	11,360,543
3000	Total Fund Balances	<u>12,792,349</u>	<u>2,611,151</u>	<u>15,403,500</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,683,222</u>	<u>\$ 3,887,519</u>	<u>\$ 21,570,741</u>

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, 2019*

Total fund balances - governmental funds balance sheet	\$ 15,403,500
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not reported in the funds.	59,795,417
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,565,843
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	11,196
Payables for bond principal which are not due in the current period are not reported in the funds.	(44,806,527)
Payables for capital leases which are not due in the current period are not reported in the funds.	(68,277)
Payables for bond interest which are not due in the current period are not reported in the funds.	(78,827)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(14,076,904)
Deferred inflows of resources related to the pension plan are not reported in the funds.	(1,217,622)
Deferred outflows of resources related to the pension plan are not reported in the funds.	8,556,732
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(18,261,131)
Deferred inflows of resources related to the OPEB plan are not reported in the funds.	(5,774,609)
Deferred outflows of resources related to the OPEB plan are not reported in the funds.	<u>2,898,384</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 3,947,175</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 30,215,504	\$ 3,686,483	\$ 33,901,987
5800 <i>State Program Revenues</i>	14,925,106	358,928	15,284,034
5900 <i>Federal Program Revenues</i>	865,343	5,101,845	5,967,188
5020 <b>Total Revenues</b>	<u>46,005,953</u>	<u>9,147,256</u>	<u>55,153,209</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	26,006,424	2,314,627	28,321,051
0012 <i>Instructional Resources and Media Services</i>	601,478	46,516	647,994
0013 <i>Curriculum and Staff Development</i>	433,058	248,817	681,875
0021 <i>Instructional Leadership</i>	594,598	1,015	595,613
0023 <i>School Leadership</i>	2,576,577	80,184	2,656,761
0031 <i>Guidance, Counseling, and Evaluation Services</i>	1,281,184	620,265	1,901,449
0032 <i>Social Work Services</i>	52,168	--	52,168
0033 <i>Health Services</i>	532,332	32,747	565,079
0034 <i>Student Transportation</i>	2,529,151	71,617	2,600,768
0035 <i>Food Service</i>	61,930	2,710,195	2,772,125
0036 <i>Cocurricular/Extracurricular Activities</i>	1,635,137	382	1,635,519
0041 <i>General Administration</i>	2,117,320	--	2,117,320
0051 <i>Facilities Maintenance and Operations</i>	5,003,685	4,009	5,007,694
0052 <i>Security and Monitoring Services</i>	483,656	65,949	549,605
0053 <i>Data Processing Services</i>	748,702	37,807	786,509
0061 <i>Community Services</i>	119,178	72,695	191,873
0071 <i>Principal on Long-term Debt</i>	68,277	1,839,625	1,907,902
0072 <i>Interest on Long-term Debt</i>	2,982	980,389	983,371
0073 <i>Bond Issuance Costs and Fees</i>	--	2,400	2,400
0081 <i>Capital Outlay</i>	2,683,209	2,942,893	5,626,102
6030 <b>Total Expenditures</b>	<u>47,531,046</u>	<u>12,072,132</u>	<u>59,603,178</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,525,093)</u>	<u>(2,924,876)</u>	<u>(4,449,969)</u>
Other Financing Sources and (Uses):			
7914 <i>Issuance of Noncurrent Debt</i>	1,283,209	--	1,283,209
7915 <i>Transfers In</i>	--	21,310	21,310
8911 <i>Transfers Out</i>	(10,000)	(21,310)	(31,310)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>1,273,209</u>	<u>--</u>	<u>1,273,209</u>
1200 <b>Net Change in Fund Balances</b>	<u>(251,884)</u>	<u>(2,924,876)</u>	<u>(3,176,760)</u>
0100 <b>Fund Balances - Beginning</b>	<u>13,044,233</u>	<u>5,536,027</u>	<u>18,580,260</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 12,792,349</u>	<u>\$ 2,611,151</u>	<u>\$ 15,403,500</u>

The accompanying notes are an integral part of this statement.



**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF NET POSITION*  
*PROPRIETARY FUNDS*  
*AUGUST 31, 2019*

Data Control Codes	Nonmajor Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>		
Current Assets:		
1110 <i>Cash and Cash Equivalents</i>	\$ 29,886	\$ 11,196
1260 <i>Due from Other Funds</i>	1	--
Total Current Assets	<u>29,887</u>	<u>11,196</u>
1000 Total Assets	<u>29,887</u>	<u>11,196</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2160 <i>Accrued Wages Payable</i>	4,660	--
Total Current Liabilities	<u>4,660</u>	<u>--</u>
2000 Total Liabilities	<u>4,660</u>	<u>--</u>
<b>NET POSITION:</b>		
3800 <i>Restricted</i>	25,227	11,196
3000 Total Net Position	<u>\$ 25,227</u>	<u>\$ 11,196</u>

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, 2019*

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	<b>OPERATING REVENUES:</b>		
5700	<i>Local and Intermediate Sources</i>	\$ 78,395	\$ 594,794
5020	Total Revenues	<u>78,395</u>	<u>594,794</u>
	<b>OPERATING EXPENSES:</b>		
6100	<i>Payroll Costs</i>	94,770	581,334
6200	<i>Professional and Contracted Services</i>	--	3,725
6300	<i>Supplies and Materials</i>	1,548	6,574
6400	<i>Other Operating Costs</i>	775	--
6030	Total Expenses	<u>97,093</u>	<u>591,633</u>
	Income (Loss) before Contributions and Transfers	(18,698)	3,161
7915	<i>Transfers In</i>	10,000	--
1300	Change in Net Position	<u>(8,698)</u>	<u>3,161</u>
0100	Total Net Position - Beginning	33,925	8,035
3300	Total Net Position - Ending	<u>\$ 25,227</u>	<u>\$ 11,196</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED AUGUST 31, 2019

	Nonmajor Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
<i>Cash Received from Customers</i>	\$ 78,374	\$ --
<i>Operating Transactions with Other Funds</i>	--	13,460
<i>Receipts from Other Governments</i>	--	581,334
<i>Cash Payments to Employees for Services</i>	(96,805)	(591,633)
Net Cash Provided (Used) by Operating Activities	<u>(18,431)</u>	<u>3,161</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
<i>Transfers From (To) Primary Government</i>	10,000	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,000</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,431)	3,161
Cash and Cash Equivalents at Beginning of Year	38,317	8,035
Cash and Cash Equivalents at End of Year	<u>\$ 29,886</u>	<u>\$ 11,196</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash     Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (18,698)	\$ 3,161
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities:		
<i>Increase (Decrease) in Accrued Wages Payable</i>	268	--
<i>Increase (Decrease) in Due from Other Funds</i>	(1)	--
Total Adjustments	<u>267</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (18,431)</u>	<u>\$ 3,161</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

AUGUST 31, 2019

Data Control Codes	Private- Purpose Trust Fund	Scholarship Fund	Agency Funds
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ 22,846		\$ 559,414
1120 <i>Current Investments</i>	7,381		102,962
1260 <i>Due from Other Funds</i>	--		27,598
1000 Total Assets	<u>30,227</u>		<u>689,974</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	--		1,000
2180 <i>Due to Other Governments</i>	--		210,705
2190 <i>Due to Student Groups</i>	--		478,269
2000 Total Liabilities	<u>--</u>		<u>689,974</u>
<b>NET POSITION:</b>			
3800 <i>Held in Trust</i>		30,227	--
3000 Total Net Position		<u>\$ 30,227</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

	Private- Purpose Trust Fund	Scholarship Fund
<b>Additions:</b>		
Investment Income	\$ 456	
Employer Contributions	350	
Total Additions	<u>806</u>	
<b>Deductions:</b>		
Scholarship Awards		3,237
Total Deductions		<u>3,237</u>
<b>Change in Net Position</b>		(2,431)
Net Position-Beginning of the Year		<u>32,658</u>
Net Position-End of the Year		<u>\$ 30,227</u>

The accompanying notes are an integral part of this statement.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Brenham Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

#### B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

#### C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided and other charges between the District's business-type activities and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following governmental funds:

##### General Fund

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

*NOTES TO FINANCIAL STATEMENTS, Continued*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

## **Debt Service Fund**

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

## **Capital Projects Funds**

The capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

## **Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

## **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's business-type activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses includes costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The proprietary fund types used by the District includes the following:

### **Enterprise Funds**

The enterprise funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses including depreciation) of providing goods or services on a continuing basis will be financed or recovered primarily through user charges. These funds are reported as business-type activities in the government-wide financial statements.

### **Internal Service Funds**

These funds are used to account for and report revenue and expenses related to services provided to parties inside the District on a cost-reimbursement basis. These funds account for the District's transportation fund and contracted tax appraisal and collection services. Because the principal users of the internal service funds are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the governmental-wide financial statements.

## **Fiduciary Funds**

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary funds:

### **Agency Funds**

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds and Washington County Appraisal District funds.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued* FOR THE YEAR ENDED AUGUST 31, 2019

### Trust Funds

The trust funds are custodial in nature and do not present results of operations or have a measurement focus. Trust funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's private-purpose funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2019

## 2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

## 3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

## 4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

## 5. Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	15 to 20 years
Vehicles	2 to 15 years
Equipment	3 to 20 years
Infrastructure	30 years



# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2019

## 6. Deferred Outflows/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 element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

## 7. Receivable and Payables 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.

## 8. 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 consolidations. 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.

## 9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO FINANCIAL STATEMENTS, Continued* *FOR THE YEAR ENDED AUGUST 31, 2019*

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

### **10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **11. 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.

### **12. 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.

### **13. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **14. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2019

## 15. Pensions

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

## 16. Other Postemployment Benefits

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("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 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.

## G. Revenues and Expenditures/Expenses

### 1. Program Revenues

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

### 2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects funds for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were material changes between the original budget and the final amended budget.

### A. Expenditures in Excess of Appropriations

For the year, expenditures exceeded appropriations at the legal level of control as follows:

National School Breakfast and Lunch Program	
Food Services	\$148,978

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2019

## III. DETAILED NOTES ON ALL FUNDS

### A. 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, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,716,566 and the bank balance was \$15,944,683.

#### 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.

As of August 31, 2019, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>
Texpool	\$ 442,418	AAAm*	0.10
Texas CLASS	1,238,141	AAAm*	0.14
Lone Star	1,158,523	AAA*	0.11
Certificate of Deposit	2,173,721	-	0.79
	<u>\$ 5,012,803</u>		

Portfolio weighted average maturity 0.41

\*Rated by Standard and Poor's Financial Services

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The District's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/P1' as provided by two of the top nationally recognized rating agencies. As of August 31, 2019, the District's investments in TexPool, Texas CLASS, and Lone Star were rated 'AAAm', 'AAAm', and AAA, respectively, by Standard & Poor's.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, Continued FOR THE YEAR ENDED AUGUST 31, 2019**

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2019, fair market values of pledged securities and FDIC coverage exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

### **Texas CLASS**

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

### **Lone Star**

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Associate 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 nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2019

## B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,835,660	\$ 30,585	\$ -	\$ 2,866,245
Construction in progress	3,284,892	5,458,390	(4,602,841)	4,140,441
Total capital assets not being depreciated	<u>6,120,552</u>	<u>5,488,975</u>	<u>(4,602,841)</u>	<u>7,006,686</u>
Other capital assets:				
Buildings and improvements	92,836,534	4,851,097	-	97,687,631
Equipment	2,573,193	212,610	-	2,785,803
Vehicles	4,391,697	45,573	-	4,437,270
Total other capital assets	<u>99,801,424</u>	<u>5,109,280</u>	<u>-</u>	<u>104,910,704</u>
Less accumulated depreciation for:				
Buildings and improvements	(44,085,214)	(2,182,890)	-	(46,268,104)
Equipment	(1,772,978)	(107,460)	-	(1,880,438)
Vehicles	(3,831,806)	(141,625)	-	(3,973,431)
Total accumulated depreciation	<u>(49,689,998)</u>	<u>(2,431,975)</u>	<u>-</u>	<u>(52,121,973)</u>
Other capital assets, net	50,111,426	2,677,305	-	52,788,731
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 56,231,978</u>	<u>\$ 8,166,280</u>	<u>\$ (4,602,841)</u>	<u>\$ 59,795,417</u>

Depreciation was charged to governmental functions as follows:

	<b>Governmental Activities</b>
11 Instruction	\$ 1,534,474
12 Instructional resources/media services	72,881
13 Curriculum and staff development	16,284
21 Instructional leadership	26,048
23 School leadership	16,284
34 Student (pupil) transportation	266,524
35 Food service	128,536
36 Extracurricular activities	173,232
41 General administration	26,671
51 Plant maintenance and operations	103,581
53 Data processing services	67,460
<b>Total Depreciation Expense</b>	<u>\$ 2,431,975</u>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*

FOR THE YEAR ENDED AUGUST 31, 2019

## C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
QSCB MTN, Series 2010	\$ 1,800,000	\$ -	\$ (300,000)	\$ 1,500,000	\$ 300,000
Refunding, Series 2012	30,102,091	-	(1,123,718)	28,978,373	1,293,736
Refunding, Series 2014	255,907	-	(255,907)	-	-
Capital Lease	136,554	-	(68,277)	68,277	68,277
Direct Borrowings/Placements					
QZAB MTN, Series 2016	4,030,000	-	(160,000)	3,870,000	160,000
SECO Loan	-	1,283,209	-	1,283,209	39,496
	<u>36,324,552</u>	<u>1,283,209</u>	<u>(1,907,902)</u>	<u>35,699,859</u> *	<u>1,861,509</u>
<b>Other liabilities:</b>					
Issuance premiums/discount	2,188,480	-	(272,474)	1,916,006 *	-
Accreted interest	7,381,350	867,210	(580,375)	7,668,185 *	-
Net pension liability	7,022,897	7,054,007	-	14,076,904	-
Net OPEB liability	<u>14,826,864</u>	<u>3,434,267</u>	<u>-</u>	<u>18,261,131</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>\$ 67,744,143</u>	<u>\$ 12,638,693</u>	<u>\$ (2,760,751)</u>	<u>\$ 77,622,085</u>	<u>\$ 1,861,509</u>
				<u>\$ 75,760,576</u>	
				<u>\$ 45,284,050</u>	

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

Current requirements for principal and interest expenditures are accounted for in the general fund, the debt service fund, and the capital projects fund. These bonds, notes, leases, and loans were issued as school building bonds, refunding bonds, qualified school construction bonds (QSCB), qualified zone academy bonds (QZAB), a capital lease, and a loan. Interest rates on the bonds are 1.00% for Series 2010, 2.750% to 3.125% for Series 2012, and 4.19% for Series 2016. The interest rate on the loan is 2.00%. Interest expense was \$983,371 for the year ended August 31, 2019.

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 purposes 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 controls systems (hardware and software), renovation of restrooms, and rehabilitation of the roof; and (ii) payment of professional services related to the projects. The Tax Credit Notes shall be issued as fully registered obligations and have principal installments of \$160,000 on August 15, 2019 through 2031.

In the event that any associated Tax Credits related to the Notes recognized prior to the date of redemption are finally determined to be ineligible and thereby disallowed to be claimed as Tax Credits as a result of the Determination of Loss of Qualified Zone Academy Bond Status, the redemption price shall include an additional amount payable to the owners, as of the applicable prior Tax Credit Allowance Dates, of the Notes for such prior disallowed Tax Credits equal to the amount of such disallowed Tax Credits, plus interest thereon from the applicable Tax Credit Allowance Date of the date of redemption, at a rate equal to the large corporate underpayment rate determined from time to time by the Secretary of the Treasury; provided however, the calculation of such amount shall only cover a period up to the expiration of the statute of limitations applicable to the federal income tax return on which such owner claimed the disallowed Tax Credit. Notwithstanding anything herein to the contrary, if due, the Additional Premium shall only be payable to the owners of such disallowed Tax Credits and shall not be prorated by the Paying Agent/Registrar between the Tax Credits and the principal component of the Notes.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

The District entered into a capital lease agreement with SHI Government Corporation in the amount of \$136,544. 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%.

The District entered into a loan agreement with the State Energy Conservation Office (SECO) to pay for the lighting retrofits and EMS upgrades. The loan established a line of credit not to exceed \$1,548,545 which functions as a reimbursement based loan. The loan has an interest rate of 2 percent which begins to accrue when the lender processes a reimbursement to the District. After the approved project is completed, inspected, and the final reimbursement is made, the lender will set the first loan repayment date. The payback term on the loan will be based on the project simple payback term established in the agreement, which is 9.8 years. The estimated first loan repayment date is May 31, 2020. The payment schedule disclosed in the notes is based upon the first loan repayment occurring in May 2020. As of August 31, 2019, the loan balance was \$1,283,209. The District has subsequently incurred, and drawn down on, the remaining \$265,336 of the line of credit. As of the date of this report, the District has a total outstanding loan balance of \$1,548,545.

The annual requirements to amortize debt issues outstanding at year end were as follows:

Year Ended August 31	Bonds Payable		Total Requirements
	Principal	Interest	
2020	\$ 1,293,736	\$ 1,084,778	\$ 2,378,514
2021	1,229,832	1,143,682	2,373,514
2022	1,173,658	1,204,856	2,378,514
2023	1,090,840	1,242,674	2,333,514
2024	1,042,363	1,291,151	2,333,514
2025-2029	6,139,986	5,528,489	11,668,475
2030-2034	6,576,087	5,073,844	11,649,931
2035-3039	4,233,038	7,486,763	11,719,801
2040-2044	6,198,833	1,950,255	8,149,088
<b>Totals</b>	<b>\$ 28,978,373</b>	<b>\$ 26,006,491</b>	<b>\$ 54,984,864</b>

Year Ended August 31	Notes Payable - QSCB MTN, Series 2010		Total Requirements
	Principal	Interest	
2020	\$ 300,000	\$ 13,500	\$ 313,500
2021	300,000	10,500	310,500
2022	300,000	7,500	307,500
2023	300,000	4,500	304,500
2024	300,000	1,500	301,500
	<b>\$ 1,500,000</b>	<b>\$ 37,500</b>	<b>\$ 1,537,500</b>

Year Ended August 31	Capital Lease		Total Requirements
	Principal	Interest	
2020	\$ 68,277	\$ 2,982	\$ 71,259
<b>Totals</b>	<b>\$ 68,277</b>	<b>\$ 2,982</b>	<b>\$ 71,259</b>



**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

The debt service requirements for direct borrowings/placements are as follows:

Year Ended August 31	Direct Borrowings / Direct Placements - QZAB Series 2016		
	Principal	Interest	Total Requirements
2020	\$ 160,000	\$ -	\$ 160,000
2021	160,000	-	160,000
2022	160,000	-	160,000
2023	160,000	-	160,000
2024	160,000	-	160,000
2025-2029	2,200,000	-	2,200,000
2030-2034	870,000	-	870,000
<b>Totals</b>	<b>\$ 3,870,000</b>	<b>\$ -</b>	<b>\$ 3,870,000</b>

Year Ended August 31	Direct Borrowings / Direct Placements - SECO Loan		
	Principal	Interest	Total Requirements
2020	\$ 39,496	\$ 25,566	\$ 65,062
2021	120,079	23,778	143,857
2022	122,503	21,354	143,857
2023	124,975	18,881	143,857
2024	127,498	16,359	143,857
2025-2029	677,147	42,136	719,283
2030-2034	71,510	418	71,928
<b>Totals</b>	<b>\$ 1,283,209</b>	<b>\$ 148,491</b>	<b>\$ 1,431,699</b>

**D. Commitments Under Noncapitalized Leases**

The District has various operating lease agreements where the future minimum payments are immaterial to the operations of the District and, accordingly, the District has elected not to disclose future payments by fiscal year.

Rental Expenditures in 2019                      \$ 223,253

**E. Interfund Transactions**

The interfund balances and transfers at August 31, 2019 were as follows:

Due To Fund	Due From Fund	Amount	Reason
General Fund	Nonmajor Governmental Funds	\$ 369,319	Short-term loans
Nonmajor Governmental Funds	Nonmajor Governmental Funds	14,333	Short-term loans
Nonmajor Governmental Funds	General Fund	1,075	Short-term loans
Enterprise Fund	General Fund	1	Short-term loans
	<b>Total</b>	<u>\$ 384,728</u>	

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfers From	Transfers To	Amount	Reason
General Fund	Enterprise Fund	\$ 10,000	To supplement revenue
Nonmajor Governmental Funds	Nonmajor Governmental Funds	21,310	To supplement revenue
	<b>Total</b>	<u>\$ 31,310</u>	

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2019

## IV. OTHER INFORMATION

### A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

### C. Defined Benefit Pension Plan

#### Teacher Retirement System

##### 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 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. TRS'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 TRS.

##### Pension Plan Fiduciary Net Position

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

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

## 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 five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic 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 above.

## Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS 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 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

<u>Contribution Rates</u>	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
NECE (State)	6.8%	6.8%
Employer	6.8%	6.8%

	<u>Measurement Year (2018)</u>	<u>Fiscal Year (2019)</u>
Employer contributions	\$ 861,545	\$ 914,149
Member contributions	\$ 2,325,089	\$ 2,401,873
NECE on-behalf contributions	\$ 1,543,502	\$ 1,599,171

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

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS 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 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.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS 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 to which an employer is subject:

- 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 Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

### Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 and was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value
Single discount rate	8%
Long-term expected investment rate of return	8%
Municipal bond rate	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data 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."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.5%
Salary increases including inflation	3.05% to 9.05%
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 three-year period ending August 31, 2017 and adopted in July 2018.

### Discount Rate

The single discount rate used to measure the TPL was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from TRS members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2019

Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
**As of August 31, 2018**

	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns *</u>
<b>Global Equity</b>			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Returns	0.0%	0.0%	0.0%
Hedge Funds (Stable Value)	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
<b>Real Return</b>			
Global Inflation-Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation	0.0%		2.3%
Alpha	0.0%		-0.8%
<b>Total</b>	<u>100.0%</u>		<u>7.1%</u>

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

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the NPL:

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
District's proportionate share of the net pension liability	\$ 21,245,423	\$ 14,076,904	\$ 8,273,562

### Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At August 31, 2019, the District reported a liability of \$14,076,904 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 14,076,904
State's proportionate share that is associated with the District	25,235,202
<b>Total</b>	<u>\$ 39,312,106</u>

The NPL was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31,

# BREHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued* FOR THE YEAR ENDED AUGUST 31, 2019

2018. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the District's proportion of the collective NPL was 0.0255746%, which was an increase of 0.0036106% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the TPL since the prior measurement period.

- The TPL as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions, including post-retirement mortality, termination rates, and rates of retirement, were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of salary increase for individual participants, were updated based on the same experience study.
- The discount rate changed from 8.000% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.00% to 7.25%.
- The change in the long-term assumed rate of return, combined with the change in the single discount rate, were the primary reasons for the increase in the NPL.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended August 31, 2019, the District recognized pension expense of \$2,497,612 and revenue of \$2,497,612 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 87,744	\$ (345,392)
Changes in actuarial assumptions	5,075,402	(158,606)
Difference between projected and actual investment earnings	-	(267,099)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,479,437	(446,525)
Contributions paid to TRS subsequent to the measurement date	914,149	-
<b>Total</b>	<b>\$ 8,556,732</b>	<b>\$ (1,217,622)</b>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2019

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

Fiscal Year Ended August 31	Pension Expense
2020	\$ 1,686,536
2021	1,124,444
2022	960,985
2023	1,012,195
2024	960,279
Thereafter	680,522
<b>Total</b>	<b>\$ 6,424,961</b>

## D. Defined Other Postemployment Benefit Plan

### Plan Description

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

### OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR](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, 2019 are as follows:

Total OPEB liability	\$ 50,729,490,103
Less: plan fiduciary net position	798,574,633
<b>Net OPEB Liability</b>	<b>\$ 49,930,915,470</b>

Net position as a percentage of total OPEB liability 1.57%

### 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 TRS. 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 the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. 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.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

**TRS-Care Plan Premium Rates**  
**Effective January 1, 2018 - December 31, 2018**

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree* and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999

*\*or surviving spouse*

Contributions

Contribution rates for 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 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate, which is 0.75% 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:

	<u>Contribution Rates</u>	
	<u>Fiscal Year</u>	
	<u>2018</u>	<u>2019</u>
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	<u>Measurement</u>	<u>Fiscal</u>
	<u>Year (2018)</u>	<u>Year (2019)</u>
Employer contributions	\$ 252,108	\$ 263,238
Member contributions	\$ 196,274	\$ 202,755
NECE on-behalf contributions	\$ 351,808	\$ 389,914

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

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the fiscal year 2018-2019 biennium to continue to support TRS-Care. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.



# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2019

## Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

- A change was made in the measurement date of the total OPEB liability for the TRS 2018 fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This was the first year the roll-forward procedures were used.
- The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability; and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation.
- The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale.
- Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and an initial medical trend rate of 6.75% for non-Medicare retirees were used. The initial prescription drug trend rate was 11.00% for all retirees. The first-year trend rate increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.

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 that was rolled forward to August 31, 2018:

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

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2017 rolled forward to 8/31/2018
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.69%. Sourced from 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, 2018.
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65.
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases*	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2019 thresholds of \$850/\$2,292 were indexed annually by 2.5%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, Continued  
 FOR THE YEAR ENDED AUGUST 31, 2019

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.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because TRS-Care is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability

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

	<b>1% Decrease in Discount Rate (2.69%)</b>	<b>Current Single Discount Rate (3.69%)</b>	<b>1% Increase in Discount Rate (4.69%)</b>
District’s proportionate share of net OPEB liability	\$ 21,737,019	\$ 18,261,131	\$ 15,511,478

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	<b>1% Decrease in Healthcare Cost Trend Rate</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase in Healthcare Cost Trend Rate</b>
District’s proportionate share of net OPEB liability	\$ 15,166,166	\$ 18,261,131	\$ 22,337,265

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2019, the District reported a liability of \$18,261,131 for its proportionate share of TRS-Care’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	\$ 18,261,131
State’s proportionate share that is associated with the District	<u>25,499,757</u>
<b>Total</b>	<u>\$ 43,760,888</u>

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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 TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the employer’s proportion of the collective net OPEB liability was 0.0365728%, compared to 0.0340955% as of August 31, 2017.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2019

## Changes Since the Prior Actuarial Valuation

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

- Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the total OPEB liability.
- The healthcare trend rate assumption was updated to reflect the anticipated return of the HIF in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability by \$2.3 billion.

The following are changes in benefit terms since the prior measurement date effective September 1, 2017 by the 85<sup>th</sup> Texas Legislature:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed TRS-Care to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended August 31, 2019, the District recognized OPEB expense of \$927,528 and revenue of \$927,528 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 969,050	\$ (288,187)
Changes in actuarial assumptions	304,729	(5,486,422)
Differences between projected and actual investment earnings	3,194	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,358,173	-
Contributions paid to TRS subsequent to the measurement date	263,238	-
<b>Total</b>	<b>\$ 2,898,384</b>	<b>\$ (5,774,609)</b>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued FOR THE YEAR ENDED AUGUST 31, 2019

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:

<u>Fiscal Year Ended</u> <u>August 31</u>	<u>OPEB</u> <u>Expense</u>
2020	\$ (549,757)
2021	(549,757)
2022	(549,757)
2023	(550,361)
2024	(550,707)
Thereafter	(389,124)
<b>Total</b>	<b>\$ (3,139,463)</b>

### Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on behalf of the District were \$116,898, \$88,733, and \$84,487, respectively.

### **E. Employee Health Care Coverage**

During the year ended August 31, 2019, 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 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 insurer is renewable September 1, 2019 and terms of coverage and premiums costs are included in the contractual provisions.

### **F. Workers' Compensation**

During the year ended August 31, 2019, 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. The reinsurance coverage was in effect for any claim that reaches \$1,100,000 with no upper limit.

### **G. Unemployment Compensation**

During the year ended August 31, 2019, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

*NOTES TO FINANCIAL STATEMENTS, Continued*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

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, 2018 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

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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, 2019

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 29,286,208	\$ 29,902,498	\$ 30,215,504	\$ 313,006
5800	State Program Revenues	13,827,165	14,027,165	14,925,106	897,941
5900	Federal Program Revenues	1,028,608	934,179	865,343	(68,836)
5020	Total Revenues	44,141,981	44,863,842	46,005,953	1,142,111
<b>EXPENDITURES:</b>					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	25,954,152	26,166,917	26,006,424	160,493
0012	Instructional Resources and Media Services	623,171	633,671	601,478	32,193
0013	Curriculum and Staff Development	408,783	440,783	433,058	7,725
	Total Instruction and Instr. Related Services	26,986,106	27,241,371	27,040,960	200,411
Instructional and School Leadership:					
0021	Instructional Leadership	591,032	598,532	594,598	3,934
0023	School Leadership	2,548,131	2,580,131	2,576,577	3,554
	Total Instructional and School Leadership	3,139,163	3,178,663	3,171,175	7,488
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	1,282,389	1,291,389	1,281,184	10,205
0032	Social Work Services	53,275	53,775	52,168	1,607
0033	Health Services	573,177	576,677	532,332	44,345
0034	Student (Pupil) Transportation	2,218,000	2,538,000	2,529,151	8,849
0035	Food Services	71,222	71,222	61,930	9,292
0036	Cocurricular/Extracurricular Activities	1,603,039	1,636,039	1,635,137	902
	Total Support Services - Student (Pupil)	5,801,102	6,167,102	6,091,902	75,200
Administrative Support Services:					
0041	General Administration	2,084,874	2,117,665	2,117,320	345
	Total Administrative Support Services	2,084,874	2,117,665	2,117,320	345
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,854,419	5,061,563	5,003,685	57,878
0052	Security and Monitoring Services	379,763	488,215	483,656	4,559
0053	Data Processing Services	768,710	753,451	748,702	4,749
	Total Support Services - Nonstudent Based	6,002,892	6,303,229	6,236,043	67,186
Ancillary Services:					
0061	Community Services	128,844	129,344	119,178	10,166
	Total Ancillary Services	128,844	129,344	119,178	10,166
Debt Service:					
0071	Principal on Long-Term Debt	--	68,277	68,277	--
0072	Interest on Long-Term Debt	--	2,982	2,982	--
	Total Debt Service	--	71,259	71,259	--
Capital Outlay:					
0081	Capital Outlay	--	2,948,545	2,683,209	265,336
	Total Capital Outlay	--	2,948,545	2,683,209	265,336
6030	Total Expenditures	44,141,981	48,157,178	47,531,046	626,132



**BRENHAM INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	\$ --	\$ (3,293,336)	\$ (1,525,093)	\$ 1,768,243
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	1,548,545	1,283,209	(265,336)
8911	Transfers Out	--	--	(10,000)	(10,000)
7080	Total Other Financing Sources and (Uses)	--	1,548,545	1,273,209	(275,336)
1200	Net Change in Fund Balance	--	(1,744,791)	(251,884)	1,492,907
0100	Fund Balance - Beginning	13,044,233	13,044,233	13,044,233	--
3000	Fund Balance - Ending	\$ 13,044,233	\$ 11,299,442	\$ 12,792,349	\$ 1,492,907

Notes to Required Supplementary Information:

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

## BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)  
FOR THE YEAR ENDED AUGUST 31, 2019

	Measurement Year*			
	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0255746%	0.0219640%	0.0237652%	0.0239005%
District's proportionate share of the net pension liability (asset)	\$ 14,076,904	\$ 7,022,897	\$ 8,980,509	\$ 8,448,509
State's proportionate share of the net pension liability (asset) associated with the District Total	\$ 25,235,202	\$ 15,611,299	\$ 18,121,670	\$ 17,976,490
	<u>\$ 39,312,106</u>	<u>\$ 22,634,196</u>	<u>\$ 27,102,179</u>	<u>\$ 26,424,999</u>
District's covered payroll**	\$ 30,195,960	\$ 28,359,156	\$ 27,808,701	\$ 27,095,156
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.62%	24.76%	32.29%	31.18%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%

\* Only five years' worth of information is currently available.

\*\*As of measurement date.

### Notes to Required Supplementary Information:

#### Changes in Assumptions:

The total pension liability (TPL), as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Economic assumptions, including rates of salary increases for individual participants, were updated based on the same experience study.

The discount rate changed from 8.00% as of August 31, 2017 to 6.907% as of August 31, 2018.

The long-term assumed rate of return changed from 8.00% to 7.25%.

The change in the long-term assumed rate of return, combined with the change in the single discount rate, were the primary reasons for the increase in the net pension liability.

#### Changes in Benefits:

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

2014

0.0133948%

\$ 3,577,936

16,050,650  
\$ 19,628,586

\$ 27,119,270

13.19%

83.25%

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)  
FOR THE YEAR ENDED AUGUST 31, 2019*

	Fiscal Year*		
	2019	2018	2017
Contractually required contribution	\$ 914,149	\$ 861,545	\$ 719,851
Contributions in relation to the contractually required contribution	914,149	861,545	719,851
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,193,151	\$ 30,195,960	\$ 28,359,156
Contributions as a percentage of covered payroll	2.93%	2.85%	2.54%

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

	Fiscal Year*		
	2016	2015	2014
\$	755,079	\$ 707,663	\$ 339,596
	755,079	707,663	339,596
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
\$	27,808,701	\$ 27,095,156	\$ 27,119,270
	2.72%	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, 2019

	Measurement Year*	
	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.0365728%	0.0340955%
District's proportionate share of the collective net OPEB liability (asset) \$	18,261,131	\$ 14,826,864
State proportionate share of the collective net OPEB liability (asset) associated with the District	25,499,757	21,820,634
Total	<u>\$ 43,760,888</u>	<u>\$ 36,647,498</u>
District's covered payroll***	\$ 30,195,960	\$ 28,359,156
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.48%	52.28%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

\*Only two years' worth of information is currently available.

\*\*As of the measurement date.

**Notes to Required Supplementary Information**

*Changes in Assumptions:* There were changes in assumptions that affected measurement of the total OPEB liability since the prior measurement period.

- Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the total OPEB liability.
- The healthcare trend rate assumption was updated to reflect the anticipated return of the HIF in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability by \$2.3 billion.

*Changes in Benefits:* There were changes in benefits that affected measurement of the total OPEB liability since the prior measurement period.

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed TRS-Care to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 and through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

**BRENHAM INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF DISTRICT CONTRIBUTIONS**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)**FOR THE YEAR ENDED AUGUST 31, 2019*

	Fiscal Year*	
	2019	2018
Statutorily or contractually required District contribution	\$ 263,238	\$ 252,108
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	263,238	252,108
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 31,193,151	\$ 30,195,960
Contributions as a percentage of covered payroll	0.84%	0.83%

\* Only two years' 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, 2019

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 668,683	\$ 609,387	\$ 551,536	\$ 1,829,606
1120	Current Investments	105,654	103,192	1,195,112	1,403,958
1220	Property Taxes Receivable	--	167,966	--	167,966
1230	Allowance for Uncollectible Taxes	--	(41,094)	--	(41,094)
1240	Due from Other Governments	511,675	--	--	511,675
1260	Due from Other Funds	15,408	--	--	15,408
1000	Total Assets	<u>\$ 1,301,420</u>	<u>\$ 839,451</u>	<u>\$ 1,746,648</u>	<u>\$ 3,887,519</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 113	\$ --	\$ 463,076	\$ 463,189
2160	Accrued Wages Payable	234,163	--	--	234,163
2170	Due to Other Funds	383,652	--	--	383,652
2300	Unearned Revenue	68,492	--	--	68,492
2000	Total Liabilities	<u>686,420</u>	<u>--</u>	<u>463,076</u>	<u>1,149,496</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
2600	Unavailable Revenue for Property Taxes	--	126,872	--	126,872
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>126,872</u>	<u>--</u>	<u>126,872</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	232,485	--	--	232,485
3470	Capital Acquisitions and Contractual Obligations	--	--	1,283,572	1,283,572
3480	Retirement of Long-Term Debt	--	712,579	--	712,579
3490	Other Restrictions of Fund Balance	382,515	--	--	382,515
3000	Total Fund Balances	<u>615,000</u>	<u>712,579</u>	<u>1,283,572</u>	<u>2,611,151</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,301,420</u>	<u>\$ 839,451</u>	<u>\$ 1,746,648</u>	<u>\$ 3,887,519</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 916,444	\$ 2,398,553	\$ 371,486	\$ 3,686,483
5800 <i>State Program Revenues</i>	303,365	55,563	--	358,928
5900 <i>Federal Program Revenues</i>	5,101,845	--	--	5,101,845
5020 <b>Total Revenues</b>	<u>6,321,654</u>	<u>2,454,116</u>	<u>371,486</u>	<u>9,147,256</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	2,314,627	--	--	2,314,627
0012 <i>Instructional Resources and Media Services</i>	46,516	--	--	46,516
0013 <i>Curriculum and Staff Development</i>	248,817	--	--	248,817
0021 <i>Instructional Leadership</i>	1,015	--	--	1,015
0023 <i>School Leadership</i>	80,184	--	--	80,184
0031 <i>Guidance, Counseling, and Evaluation Services</i>	620,265	--	--	620,265
0033 <i>Health Services</i>	32,747	--	--	32,747
0034 <i>Student Transportation</i>	71,617	--	--	71,617
0035 <i>Food Service</i>	2,710,195	--	--	2,710,195
0036 <i>Cocurricular/Extracurricular Activities</i>	382	--	--	382
0051 <i>Facilities Maintenance and Operations</i>	4,009	--	--	4,009
0052 <i>Security and Monitoring Services</i>	65,949	--	--	65,949
0053 <i>Data Processing Services</i>	37,807	--	--	37,807
0061 <i>Community Services</i>	72,695	--	--	72,695
0071 <i>Principal on Long-term Debt</i>	--	1,379,625	460,000	1,839,625
0072 <i>Interest on Long-term Debt</i>	--	963,889	16,500	980,389
0073 <i>Bond Issuance Costs and Fees</i>	--	1,500	900	2,400
0081 <i>Capital Outlay</i>	--	--	2,942,893	2,942,893
6030 <b>Total Expenditures</b>	<u>6,306,825</u>	<u>2,345,014</u>	<u>3,420,293</u>	<u>12,072,132</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>14,829</u>	<u>109,102</u>	<u>(3,048,807)</u>	<u>(2,924,876)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	21,310	--	--	21,310
8911 <i>Transfers Out</i>	(21,310)	--	--	(21,310)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>14,829</u>	<u>109,102</u>	<u>(3,048,807)</u>	<u>(2,924,876)</u>
0100 <b>Fund Balances - Beginning</b>	<u>600,171</u>	<u>603,477</u>	<u>4,332,379</u>	<u>5,536,027</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 615,000</u>	<u>\$ 712,579</u>	<u>\$ 1,283,572</u>	<u>\$ 2,611,151</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	211 Title I, Part A Improving Basic Programs	224 IDEA-B Formula	225 IDEA B Preschool	226 IDEA B High Cost	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 79,402	\$ 61,453	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	118,998	181,492	4,507	--
1260	Due from Other Funds	6,046	3,969	1,076	--
1000	Total Assets	<u>\$ 204,446</u>	<u>\$ 246,914</u>	<u>\$ 5,583</u>	<u>\$ --</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	48,464	83,189	1,614	--
2170	Due to Other Funds	155,982	163,725	3,969	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>204,446</u>	<u>246,914</u>	<u>5,583</u>	<u>--</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 204,446</u>	<u>\$ 246,914</u>	<u>\$ 5,583</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Carl D. Perkins Basic Formula Grant	255 Title II, Part A Supp. Effective Instruction	263 Title III, Part A - ELA
\$ 228,818	\$ --	\$ --	\$ --	\$ 3,142
15,901	--	--	--	--
128,025	--	--	41,182	4,343
--	--	--	--	--
<u>\$ 372,744</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 41,182</u>	<u>\$ 7,485</u>
\$ --	\$ --	\$ --	\$ --	\$ --
71,786	--	--	15,583	915
--	--	--	25,599	6,570
68,473	--	--	--	--
<u>140,259</u>	<u>--</u>	<u>--</u>	<u>41,182</u>	<u>7,485</u>
232,485	--	--	--	--
--	--	--	--	--
<u>232,485</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 372,744</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 41,182</u>	<u>\$ 7,485</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	270 Title V, B, SP 2, Rural and Low- Income School	272 MAC Program	287 Emergency Impact Aid to LEAs	288 Restart Hurricane Recovery
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--
1240	Due from Other Governments	11,233	--	10,525
1260	Due from Other Funds	--	--	--
1000	Total Assets	<u>\$ 11,233</u>	<u>\$ --</u>	<u>\$ 10,525</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	2,605	--	4,653
2170	Due to Other Funds	8,628	--	5,872
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	<u>11,233</u>	<u>--</u>	<u>10,525</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 11,233</u>	<u>\$ --</u>	<u>\$ 10,525</u>

289 Title IV, Part A, Subpart 1	385 Supplemental Visually Impaired	392 Non-Educational Community- Based Support	410 State Textbook	429 State Funded Special Revenue
\$ 19	\$ --	\$ --	\$ 21,089	\$ --
--	--	--	--	--
5,275	--	6,095	--	--
--	--	--	--	--
<u>\$ 5,294</u>	<u>\$ --</u>	<u>\$ 6,095</u>	<u>\$ 21,089</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
2,380	--	--	2,974	--
2,895	--	6,095	--	--
19	--	--	--	--
<u>5,294</u>	<u>--</u>	<u>6,095</u>	<u>2,974</u>	<u>--</u>
--	--	--	--	--
--	--	--	18,115	--
--	--	--	18,115	--
<u>\$ 5,294</u>	<u>\$ --</u>	<u>\$ 6,095</u>	<u>\$ 21,089</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	490 BHS Campus Activity Fund	491 BMS Campus Activity Fund	492 KES Campus Activity Fund	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 50	\$ 31,354	\$ 33,039
1120	Current Investments	68,894	20,859	--
1240	Due from Other Governments	--	--	--
1260	Due from Other Funds	4,317	--	--
1000	Total Assets	<u>\$ 73,261</u>	<u>\$ 52,213</u>	<u>\$ 33,039</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	--	--	4,317
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>4,317</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	73,261	52,213	28,722
3000	Total Fund Balances	<u>73,261</u>	<u>52,213</u>	<u>28,722</u>
4000	Total Liabilities and Fund Balances	<u>\$ 73,261</u>	<u>\$ 52,213</u>	<u>\$ 33,039</u>



493 AES Campus Activity Fund	494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund
\$ 48,810	\$ 106,469	\$ 1,748	\$ 41,858
--	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 48,810</u>	<u>\$ 106,469</u>	<u>\$ 1,748</u>	<u>\$ 41,858</u>
\$ --	\$ --	\$ --	\$ 113
--	--	--	--
--	--	--	--
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>113</u>
--	--	--	--
48,810	106,469	1,748	41,745
<u>48,810</u>	<u>106,469</u>	<u>1,748</u>	<u>41,745</u>
<u>\$ 48,810</u>	<u>\$ 106,469</u>	<u>\$ 1,748</u>	<u>\$ 41,858</u>

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	497 Legacy Field Campaign	498 Early Childhood Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 7,301	\$ 4,131	\$ 668,683
1120	Current Investments	--	--	105,654
1240	Due from Other Governments	--	--	511,675
1260	Due from Other Funds	--	--	15,408
1000	Total Assets	<u>\$ 7,301</u>	<u>\$ 4,131</u>	<u>\$ 1,301,420</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 113
2160	Accrued Wages Payable	--	--	234,163
2170	Due to Other Funds	--	--	383,652
2300	Unearned Revenue	--	--	68,492
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>686,420</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	232,485
3490	Other Restrictions of Fund Balance	7,301	4,131	382,515
3000	Total Fund Balances	<u>7,301</u>	<u>4,131</u>	<u>615,000</u>
4000	Total Liabilities and Fund Balances	<u>\$ 7,301</u>	<u>\$ 4,131</u>	<u>\$ 1,301,420</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	211 Title I, Part A Improving Basic Programs	224 IDEA-B Formula	225 IDEA B Preschool	226 IDEA B High Cost
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--
5900	Federal Program Revenues	1,019,310	1,078,267	182,799
5020	Total Revenues	<u>1,019,310</u>	<u>1,078,267</u>	<u>182,799</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	938,060	509,191	135,682
0012	Instructional Resources and Media Services	1,916	--	--
0013	Curriculum and Staff Development	42,733	--	--
0021	Instructional Leadership	--	--	--
0023	School Leadership	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	569,076	--
0033	Health Services	--	--	--
0034	Student Transportation	--	--	47,117
0035	Food Service	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--
0051	Facilities Maintenance and Operations	--	--	--
0052	Security and Monitoring Services	--	--	--
0053	Data Processing Services	--	--	--
0061	Community Services	36,601	--	--
6030	Total Expenditures	<u>1,019,310</u>	<u>1,078,267</u>	<u>182,799</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	--	--
8911	Transfers Out	--	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	--	--	--
0100	Fund Balances - Beginning	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Carl D. Perkins Basic Formula Grant	255 Title II, Part A Supp. Effective Instruction	263 Title III, Part A - ELA
\$ 710,267	\$ --	\$ --	\$ --	\$ --
12,267	--	--	--	--
1,930,926	70,836	62,454	169,839	54,902
<u>2,653,460</u>	<u>70,836</u>	<u>62,454</u>	<u>169,839</u>	<u>54,902</u>
--	--	62,454	26,710	53,291
--	--	--	--	--
--	--	--	143,129	1,611
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,634,799	49,526	--	--	--
--	--	--	--	--
4,009	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>2,638,808</u>	<u>49,526</u>	<u>62,454</u>	<u>169,839</u>	<u>54,902</u>
14,652	21,310	--	--	--
21,310	--	--	--	--
--	(21,310)	--	--	--
<u>21,310</u>	<u>(21,310)</u>	<u>--</u>	<u>--</u>	<u>--</u>
35,962	--	--	--	--
196,523	--	--	--	--
<u>\$ 232,485</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	270 Title V, B, SP 2, Rural and Low- Income School	272 MAC Program	287 Emergency Impact Aid to LEAs	288 Restart Hurricane Recovery
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--
5900	Federal Program Revenues	75,967	25,130	198,485
5020	Total Revenues	<u>75,967</u>	<u>25,130</u>	<u>198,485</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	25,572	--	93,236
0012	Instructional Resources and Media Services	--	--	8,771
0013	Curriculum and Staff Development	14,301	--	--
0021	Instructional Leadership	--	--	1,015
0023	School Leadership	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	3,044
0033	Health Services	--	25,130	1,522
0034	Student Transportation	--	--	24,500
0035	Food Service	--	--	25,870
0036	Cocurricular/Extracurricular Activities	--	--	--
0051	Facilities Maintenance and Operations	--	--	--
0052	Security and Monitoring Services	--	--	61,954
0053	Data Processing Services	--	--	507
0061	Community Services	36,094	--	--
6030	Total Expenditures	<u>75,967</u>	<u>25,130</u>	<u>198,485</u>
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100	Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	--	--
8911	Transfers Out	--	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	--	--	--
0100	Fund Balances - Beginning	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

289 Title IV, Part A, Subpart 1	385 Supplemental Visually Impaired	392 Non-Educational Community- Based Support	410 State Textbook	429 State Funded Special Revenue
\$ --	\$ --	\$ --	\$ --	\$ --
--	4,200	6,095	272,987	7,816
62,952	--	--	--	--
<u>62,952</u>	<u>4,200</u>	<u>6,095</u>	<u>272,987</u>	<u>7,816</u>
13,067	4,200	--	263,093	7,816
--	--	--	--	--
7,769	--	--	--	--
--	--	--	--	--
--	--	--	--	--
38,121	--	--	--	--
--	--	6,095	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
3,995	--	--	--	--
--	--	--	37,300	--
--	--	--	--	--
<u>62,952</u>	<u>4,200</u>	<u>6,095</u>	<u>300,393</u>	<u>7,816</u>
--	--	--	(27,406)	--
--	--	--	--	--
--	--	--	--	--
--	--	--	(27,406)	--
--	--	--	45,521	--
\$ --	\$ --	\$ --	\$ 18,115	\$ --

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	490 BHS Campus Activity Fund	491 BMS Campus Activity Fund	492 KES Campus Activity Fund
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 68,580	\$ 27,726	\$ 25,544
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	--	--	--
5020 Total Revenues	<u>68,580</u>	<u>27,726</u>	<u>25,544</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	3,999	11,881	25,517
0012 Instructional Resources and Media Services	890	6,270	12,102
0013 Curriculum and Staff Development	--	--	--
0021 Instructional Leadership	--	--	--
0023 School Leadership	56,855	3,758	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--
0033 Health Services	--	--	--
0034 Student Transportation	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	382	--	--
0051 Facilities Maintenance and Operations	--	--	--
0052 Security and Monitoring Services	--	--	--
0053 Data Processing Services	--	--	--
0061 Community Services	--	--	--
6030 Total Expenditures	<u>62,126</u>	<u>21,909</u>	<u>37,619</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>6,454</u>	<u>5,817</u>	<u>(12,075)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	--	--
8911 Transfers Out	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>6,454</u>	<u>5,817</u>	<u>(12,075)</u>
0100 Fund Balances - Beginning	66,807	46,396	40,797
3000 Fund Balances - Ending	<u>\$ 73,261</u>	<u>\$ 52,213</u>	<u>\$ 28,722</u>



493 AES Campus Activity Fund	494 BES Campus Activity Fund	495 Leap Campus Activity Fund	496 BJHS Campus Activity Fund
\$ 38,040	\$ 36,507	\$ --	\$ 3,559
--	--	--	--
--	--	--	--
<u>38,040</u>	<u>36,507</u>	<u>--</u>	<u>3,559</u>
24,374	11,887	--	495
6,527	8,890	--	1,150
--	--	--	--
--	--	--	--
3,738	15,206	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
<u>34,639</u>	<u>35,983</u>	<u>--</u>	<u>1,645</u>
<u>3,401</u>	<u>524</u>	<u>--</u>	<u>1,914</u>
--	--	--	--
--	--	--	--
--	--	--	--
<u>3,401</u>	<u>524</u>	<u>--</u>	<u>1,914</u>
45,409	105,945	1,748	39,831
<u>\$ 48,810</u>	<u>\$ 106,469</u>	<u>\$ 1,748</u>	<u>\$ 41,745</u>

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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, 2019

Data Control Codes	497 Legacy Field Campaign	498 Early Childhood Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 6,221	\$ 916,444
5800 <i>State Program Revenues</i>	--	--	303,365
5900 <i>Federal Program Revenues</i>	--	--	5,101,845
5020 <b>Total Revenues</b>	<u>--</u>	<u>6,221</u>	<u>6,321,654</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	--	5,356	2,314,627
0012 <i>Instructional Resources and Media Services</i>	--	--	46,516
0013 <i>Curriculum and Staff Development</i>	--	--	248,817
0021 <i>Instructional Leadership</i>	--	--	1,015
0023 <i>School Leadership</i>	--	627	80,184
0031 <i>Guidance, Counseling, and Evaluation Services</i>	--	--	620,265
0033 <i>Health Services</i>	--	--	32,747
0034 <i>Student Transportation</i>	--	--	71,617
0035 <i>Food Service</i>	--	--	2,710,195
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	382
0051 <i>Facilities Maintenance and Operations</i>	--	--	4,009
0052 <i>Security and Monitoring Services</i>	--	--	65,949
0053 <i>Data Processing Services</i>	--	--	37,807
0061 <i>Community Services</i>	--	--	72,695
6030 <b>Total Expenditures</b>	<u>--</u>	<u>5,983</u>	<u>6,306,825</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>238</u>	<u>14,829</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	--	21,310
8911 <i>Transfers Out</i>	--	--	(21,310)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>238</u>	<u>14,829</u>
0100 <b>Fund Balances - Beginning</b>	<u>7,301</u>	<u>3,893</u>	<u>600,171</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 7,301</u>	<u>\$ 4,131</u>	<u>\$ 615,000</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

AUGUST 31, 2019

Data Control Codes	616 Non-Operating Fund	617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-1)	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 454,930	\$ 48,179	\$ 48,427	\$ 551,536
1120	Current Investments	1,195,112	--	--	1,195,112
1000	Total Assets	<u>\$ 1,650,042</u>	<u>\$ 48,179</u>	<u>\$ 48,427</u>	<u>\$ 1,746,648</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 463,076	\$ --	\$ --	\$ 463,076
2000	Total Liabilities	<u>463,076</u>	<u>--</u>	<u>--</u>	<u>463,076</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3470	Capital Acquisitions and Contractual Obligations	1,186,966	48,179	48,427	1,283,572
3000	Total Fund Balances	<u>1,186,966</u>	<u>48,179</u>	<u>48,427</u>	<u>1,283,572</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,650,042</u>	<u>\$ 48,179</u>	<u>\$ 48,427</u>	<u>\$ 1,746,648</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	616 Non-Operating Fund	617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 369,464	\$ 1,417	\$ 605	\$ 371,486
5020 <i>Total Revenues</i>	<u>369,464</u>	<u>1,417</u>	<u>605</u>	<u>371,486</u>
<b>EXPENDITURES:</b>				
0071 <i>Principal on Long-term Debt</i>	460,000	--	--	460,000
0072 <i>Interest on Long-term Debt</i>	16,500	--	--	16,500
0073 <i>Bond Issuance Costs and Fees</i>	900	--	--	900
0081 <i>Capital Outlay</i>	1,765,754	--	1,177,139	2,942,893
6030 <i>Total Expenditures</i>	<u>2,243,154</u>	<u>--</u>	<u>1,177,139</u>	<u>3,420,293</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(1,873,690)</u>	<u>1,417</u>	<u>(1,176,534)</u>	<u>(3,048,807)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
8911 <i>Transfers Out</i>	--	--	--	--
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>	<u>(2,206,690)</u>	<u>1,417</u>	<u>(843,534)</u>	<u>(3,048,807)</u>
0100 <i>Fund Balances - Beginning</i>	3,393,656	46,762	891,961	4,332,379
3000 <i>Fund Balances - Ending</i>	<u>\$ 1,186,966</u>	<u>\$ 48,179</u>	<u>\$ 48,427</u>	<u>\$ 1,283,572</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2019

Data Control Codes	Enterprise Funds		Total Nonmajor Enterprise Funds (See Exhibit D-1)	
	Latchkey Fund	Brenham Child Development Center		
<b>ASSETS:</b>				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 24,468	\$ 5,418	\$ 29,886
1260	Due from Other Funds	1	--	1
	Total Current Assets	<u>24,469</u>	<u>5,418</u>	<u>29,887</u>
1000	Total Assets	<u>24,469</u>	<u>5,418</u>	<u>29,887</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2160	Accrued Wages Payable	1,160	3,500	4,660
	Total Current Liabilities	<u>1,160</u>	<u>3,500</u>	<u>4,660</u>
2000	Total Liabilities	<u>1,160</u>	<u>3,500</u>	<u>4,660</u>
<b>NET POSITION:</b>				
3800	Restricted	23,309	1,918	25,227
3000	Total Net Position	<u>\$ 23,309</u>	<u>\$ 1,918</u>	<u>\$ 25,227</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Enterprise Funds		Total Nonmajor Enterprise Funds (See Exhibit D-2)
	Latchkey Fund	Brenham Child Development Center	
<b>OPERATING REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 35,862	\$ 42,533	\$ 78,395
5020 Total Revenues	<u>35,862</u>	<u>42,533</u>	<u>78,395</u>
<b>OPERATING EXPENSES:</b>			
6100 <i>Payroll Costs</i>	40,814	53,956	94,770
6300 <i>Supplies and Materials</i>	438	1,110	1,548
6400 <i>Other Operating Costs</i>	584	191	775
6030 Total Expenses	<u>41,836</u>	<u>55,257</u>	<u>97,093</u>
Income (Loss) before Contributions and Transfers	(5,974)	(12,724)	(18,698)
7915 <i>Transfers In</i>	--	10,000	10,000
1300 Change in Net Position	<u>(5,974)</u>	<u>(2,724)</u>	<u>(8,698)</u>
0100 Total Net Position - Beginning	29,283	4,642	33,925
3300 Total Net Position - Ending	<u>\$ 23,309</u>	<u>\$ 1,918</u>	<u>\$ 25,227</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

	711 Latchkey Fund	712 Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-3)
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 35,841	\$ 42,533	\$ 78,374
<i>Cash Payments to Employees</i>	(41,836)	(54,969)	(96,805)
Net Cash Provided (Used) by Operating Activities	<u>(5,995)</u>	<u>(12,436)</u>	<u>(18,431)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
<i>Transfers From (To) Primary Government</i>	--	10,000	10,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>--</u>	<u>10,000</u>	<u>10,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,995)	(2,436)	(8,431)
Cash and Cash Equivalents at Beginning of Year	30,463	7,854	38,317
Cash and Cash Equivalents at End of Year	<u>\$ 24,468</u>	<u>\$ 5,418</u>	<u>\$ 29,886</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (5,974)	\$ (12,724)	\$ (18,698)
Adjustments to Reconcile Operating Income (Loss) to Net Change in Assets and Liabilities:			
<i>Increase (Decrease) in Accrued Wages Payable</i>	(20)	288	268
<i>Increase (Decrease) Due From Other Funds</i>	(1)	--	(1)
Total Adjustments	<u>(21)</u>	<u>288</u>	<u>267</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,995)</u>	<u>\$ (12,436)</u>	<u>\$ (18,431)</u>





**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	751 <u>Transportation Fund</u>	798 <u>Contracted Services</u>	Total Internal Service Funds (See Exhibit D-2) <u></u>
<b>OPERATING REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 13,460	\$ 581,334	\$ 594,794
5020 <i>Total Revenues</i>	<u>13,460</u>	<u>581,334</u>	<u>594,794</u>
<b>OPERATING EXPENSES:</b>			
6100 <i>Payroll Costs</i>	--	581,334	581,334
6200 <i>Professional and Contracted Services</i>	3,725	--	3,725
6300 <i>Supplies and Materials</i>	6,574	--	6,574
6030 <i>Total Expenses</i>	<u>10,299</u>	<u>581,334</u>	<u>591,633</u>
1300 <i>Change in Net Position</i>	3,161	--	3,161
0100 <i>Total Net Position - Beginning</i>	8,035	--	8,035
3300 <i>Total Net Position - Ending</i>	<u>\$ 11,196</u>	<u>\$ --</u>	<u>\$ 11,196</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

	751	798	Total Internal Service Funds (See Exhibit D-3)
	Transportation Fund	Contracted Services	
<b>Cash Flows from Operating Activities:</b>			
<i>Operating Transactions with Other Funds</i>	\$ 13,460	\$ --	\$ 13,460
<i>Receipts from Other Governments</i>	--	581,334	581,334
<i>Cash Payments to Employees for Services</i>	(10,299)	(581,334)	(591,633)
Net Cash Provided (Used) by Operating Activities	<u>3,161</u>	<u>--</u>	<u>3,161</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,161	--	3,161
Cash and Cash Equivalents at Beginning of Year	8,035	--	8,035
Cash and Cash Equivalents at End of Year	<u>\$ 11,196</u>	<u>\$ --</u>	<u>\$ 11,196</u>
<b>Reconciliation of Operating Income to (Loss) Net Cash     Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 3,161	\$ --	\$ 3,161
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,161</u>	<u>\$ --</u>	<u>\$ 3,161</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 AUGUST 31, 2019

Data Control Codes	890 Brenham High School Activity	891 Brenham Middle School Activity	892 Brenham Junior High Activity
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ 375,413	\$ 33,484	\$ 35,430
1120 <i>Current Investments</i>	--	--	--
1260 <i>Due from Other Funds</i>	27,598	--	--
1000 Total Assets	<u>403,011</u>	<u>33,484</u>	<u>35,430</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	--	1,000	--
2180 <i>Due to Other Governments</i>	--	--	--
2190 <i>Due to Student Groups</i>	403,011	32,484	35,430
2000 Total Liabilities	<u>403,011</u>	<u>33,484</u>	<u>35,430</u>
<b>NET POSITION:</b>			
3000 Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington County Appraisal District	Total Agency Funds (See Exhibit E-1)
\$ 6,314	\$ 1,030	\$ 107,743	\$ 559,414
--	--	102,962	102,962
--	--	--	27,598
<u>6,314</u>	<u>1,030</u>	<u>210,705</u>	<u>689,974</u>
--	--	--	1,000
--	--	210,705	210,705
6,314	1,030	--	478,268
<u>6,314</u>	<u>1,030</u>	<u>210,705</u>	<u>689,974</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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### *Other Supplementary Information*

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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2019*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2010 and Prior Years	Various	Various	Various
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	\$ 1.0400	\$ .0850	\$ 2,642,240,882
2019 (School Year Under Audit)	\$ 1.0400	\$ .0850	\$ 2,775,699,200

1000 Totals

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



10 Beginning Balance 9/1/18	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/19
\$ 210,889	\$ --	\$ 3,166	\$ 439	\$ (18,046)	\$ 189,238
39,232	--	2,549	321	(235)	36,127
56,005	--	5,792	717	(486)	49,010
90,912	--	8,537	963	(22,254)	59,158
168,681	--	15,546	1,753	(60,495)	90,887
160,395	--	22,767	2,241	(19,029)	116,358
224,610	--	55,050	5,418	(12,520)	151,622
338,159	--	82,457	7,532	(9,379)	238,791
623,963	--	169,863	66,549	(25,838)	361,713
--	31,226,616	28,300,919	2,259,993	(17,824)	647,880
<u>\$ 1,912,846</u>	<u>\$ 31,226,616</u>	<u>\$ 28,666,646</u>	<u>\$ 2,345,926</u>	<u>\$ (186,106)</u>	<u>\$ 1,940,784</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 723,290	\$ 723,290	\$ 710,267	\$ (13,023)
5800	State Program Revenues	13,500	13,500	12,267	(1,233)
5900	Federal Program Revenues	1,787,768	1,787,768	1,930,926	143,158
5020	Total Revenues	<u>2,524,558</u>	<u>2,524,558</u>	<u>2,653,460</u>	<u>128,902</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	2,493,124	2,485,821	2,634,799	* (148,978)
	Total Support Services - Student (Pupil)	<u>2,493,124</u>	<u>2,485,821</u>	<u>2,634,799</u>	<u>(148,978)</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	--	7,303	4,009	3,294
	Total Support Services - Nonstudent Based	<u>--</u>	<u>7,303</u>	<u>4,009</u>	<u>3,294</u>
6030	Total Expenditures	<u>2,493,124</u>	<u>2,493,124</u>	<u>2,638,808</u>	<u>(145,684)</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>31,434</u>	<u>31,434</u>	<u>14,652</u>	<u>(16,782)</u>
Other Financing Sources (Uses):					
7915	Transfers In	--	--	21,310	21,310
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>21,310</u>	<u>21,310</u>
1200	Net Change in Fund Balance	<u>31,434</u>	<u>31,434</u>	<u>35,962</u>	<u>4,528</u>
0100	Fund Balance - Beginning	<u>196,523</u>	<u>196,523</u>	<u>196,523</u>	--
3000	Fund Balance - Ending	<u>\$ 227,957</u>	<u>\$ 227,957</u>	<u>\$ 232,485</u>	<u>\$ 4,528</u>

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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 2,290,974	\$ 2,290,974	\$ 2,398,553	\$ 107,579
5800	State Program Revenues	57,540	57,540	55,563	(1,977)
5020	Total Revenues	<u>2,348,514</u>	<u>2,348,514</u>	<u>2,454,116</u>	<u>105,602</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	1,379,625	1,379,625	1,379,625	--
0072	Interest on Long-Term Debt	963,889	963,889	963,889	--
0073	Bond Issuance Costs and Fees	5,000	5,000	1,500	3,500
	Total Debt Service	<u>2,348,514</u>	<u>2,348,514</u>	<u>2,345,014</u>	<u>3,500</u>
6030	Total Expenditures	<u>2,348,514</u>	<u>2,348,514</u>	<u>2,345,014</u>	<u>3,500</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	109,102	109,102
1200	Net Change in Fund Balance	--	--	109,102	109,102
0100	Fund Balance - Beginning	603,477	603,477	603,477	--
3000	Fund Balance - Ending	<u>\$ 603,477</u>	<u>\$ 603,477</u>	<u>\$ 712,579</u>	<u>\$ 109,102</u>

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*Federal Awards and Other Compliance Section*

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

January 9, 2020

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, 2019, 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 9, 2020.

**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.

## **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,

The logo features the names 'BELT HARRIS PECHACEK, LLLP' in a serif font. The letters 'B', 'H', and 'P' are significantly larger and more ornate, with decorative flourishes extending from their top and bottom. The remaining letters are smaller and more standard.

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas





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

January 9, 2020

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, 2019. 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 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

## 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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster (IDEA)
84.938	Restart Hurricane Harvey and Emergency Impact Aid to LEAs

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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
<i>School Breakfast Program</i>	10.553	806780706	\$ 436,770
<i>National School Lunch Program</i>	10.555	806780706	1,320,030
<i>Summer Feeding Program</i>	10.559	01118	70,836
Total Passed Through State Department of Education			<u>1,827,636</u>
Total U. S. Department of Agriculture			<u>1,827,636</u>
Total Child Nutrition Cluster			<u>1,827,636</u>
<b>FOOD DISTRIBUTION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
<i>Commodity Supplemental Food Program</i>	10.565	806780706	174,126
Total Passed Through State Department of Education			<u>174,126</u>
Total U. S. Department of Agriculture			<u>174,126</u>
Total Food Distribution Cluster			<u>174,126</u>
<b>MEDICAID CLUSTER:</b>			
<u>U. S. Department of Health and Human Services</u>			
Passed Through State Department of Education:			
<i>Medicaid Administrative Claiming Program - MAC</i>	93.778	239-901	25,130
Total Passed Through State Department of Education			<u>25,130</u>
Total U. S. Department of Health and Human Services			<u>25,130</u>
Total Medicaid Cluster			<u>25,130</u>
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>IDEA B - Formula</i>	84.027	1866000123990016600	61,925
<i>IDEA B - Formula</i>	84.027	1966000123990016600	746,778
<i>IDEA B - Formula</i>	84.027	2066000123990016600	269,564
<i>IDEA B - High Cost</i>	84.027	66001906	162,799
<i>Evaluation Capacity</i>	84.027	2265431906014	20,000
Total CFDA Number 84.027			<u>1,261,066</u>
<i>IDEA B - Preschool</i>	84.173	186610012399016610	5,238
<i>IDEA B - Preschool</i>	84.173	196610012399016610	16,153
<i>IDEA - B Preschool</i>	84.173	206610012399016610	6,692
Total CFDA Number 84.173			<u>28,083</u>
Total Passed Through State Department of Education			<u>1,289,149</u>
Total U. S. Department of Education			<u>1,289,149</u>
Total Special Education (IDEA) Cluster			<u>1,289,149</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010	20610101239901	\$ 107,823
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010	19610101239901	911,487
Total CFDA Number 84.010			<u>1,019,310</u>
<i>Carl D. Perkins Basic Formula Grant</i>	84.048	19420006239901	62,454
<i>Title V, B, SP 2, Rural and Low-Income School</i>	84.358	18696001239901	5,174
<i>Title V, B, SP 2, Rural and Low-Income School</i>	84.358	19696001239901	70,793
Total CFDA Number 84.358			<u>75,967</u>
<i>Title III, Part A-ELA</i>	84.365	19671001239901	52,768
<i>Title III, Part A-ELA</i>	84.365	20671001239901	2,134
Total CFDA Number 84.365			<u>54,902</u>
<i>Title II, Part A-Supporting Effective Instruction</i>	84.367	19694501239901	141,090
<i>Title II, Part A-Supporting Effective Instruction</i>	84.367	20694501239901	28,749
Total CFDA Number 84.367			<u>169,839</u>
<i>Summer School LEP</i>	84.369	69551802	1,252
<i>Title IV, Part A, Subpart 1</i>	84.424	19680101239901	56,425
<i>Title IV, Part A, Subpart 1</i>	84.424	20680101239901	5,275
Total CFDA Number 84.424			<u>61,700</u>
<i>Restart Hurricane Recovery</i>	84.938A	18511701239901	198,485
<i>Emergency Impact Aid to LEAs</i>	84.938C	51271901	141,895
Total CFDA Number 84.938			<u>340,380</u>
Total Passed Through State Department of Education			<u>1,785,804</u>
Total U. S. Department of Education			<u>1,785,804</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
<i>ROTC</i>	12.000	239-901	63,677
Total U. S. Department of Defense			<u>63,677</u>
<u>Federal Communications Commission</u>			
Direct Program:			
<i>Univeral E-Rate</i>	32.000	239-901	67,092
Total Federal Communications Commission			<u>67,092</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT****EXHIBIT K-1***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019*

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety <i>Disaster Grants - Public Assistance (FEMA)</i>	97.036	239-901	\$ 105,571
Total Passed Through Texas Department of Public Safety			<u>105,571</u>
Total U.S. Department of Homeland Security			<u>105,571</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u>5,338,185</u>
		Federal Revenues per SEFA	\$ 5,338,185
		General Fund SHARS	629,003
		Total Revenue per Exhibit C-2	<u>\$ 5,967,188</u>

The accompanying notes are an integral part of this schedule.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019*

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Brenham Independent School District (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, 2019

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 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 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?	\$ 7,668,185
SF11	Net pension asset (object 1920) at fiscal year end	\$ --
SF12	Net pension liability (object 2540) at fiscal year end	\$ 14,076,904

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