

BRENHAM
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

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Brenham Independent School District
Annual Financial Report
For The Year Ended August 31, 2020

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Introductory Section

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, 2020, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

Financial Section



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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension and other postemployment benefits liability, and schedules of District contributions, identified as Required Supplementary Information on 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 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 13, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The logo for Belt Harris Pechacek, LLP features the company name in a stylized, serif font. The letters 'B', 'H', and 'P' are significantly larger and more ornate than the other letters, which are in a smaller, simpler serif font. The name is written in a dark red or maroon color.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
January 13, 2021

Management's Discussion and Analysis

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BRENHAM INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2020 was \$2,842,385.
- For the year, the District's general fund reported a total fund balance of \$14,342,433, of which \$70,866 is nonspendable for inventories, \$23,464 is nonspendable for prepaid items, \$1,400,000 is committed for construction, and \$12,848,103 is unassigned. The debt service fund reported a fund balance of \$835,845, 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 \$16,763,874.

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, 2020

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 and culinary arts program. 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, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$2,842,385 at August 31, 2020. 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, 2020. The District reported a decrease of \$1,130,017 in net position from the prior year. Current assets increased due to an increase in investments related to an operating surplus from an increase in property tax revenue and State funding and an increase in inventories on hand. Capital assets decreased primarily due to completion of major projects. Deferred outflows of resources decreased for the pension plan due to changes in actuarial assumptions, while increasing for the other postemployment benefits (OPEB) plan due to changes in actuarial assumptions, changes in proportion and difference between the District's contributions, and the proportionate share of contributions. Current liabilities decreased due to a decrease accrued wages payable due to a later start date resulting in less days to accrue and accounts payable due to completion of projects. Long-term liabilities decreased due to principal payments and decreases in the net pension and OPEB liabilities. Deferred inflows increased due to changes in actuarial assumptions, differences between projected and actual investment earnings, and differences between expected and actual economic experience. Revenues for the District increased significantly in state foundation program due to receiving more foundation payments and increases in pension/OPEB on-behalf revenues. Property tax revenues increased as a result of House Bill 3 in the 86th Legislature, which lowered the District's tax rate, in addition to an increase in the assessed values of properties within the District. Expenses increased significantly for the District in instruction; guidance, counseling and evaluation services; general administration; and plant maintenance and operations due to increases in payroll costs, maintenance repairs, and pension/OPEB on-behalf expenses.

Table 1

Net Position

Description	Governmental Activities		Business-Type Activities		Total Change
	2020	2019	2020	2019	2019-2020
Current assets	\$ 21,785,054	\$ 21,197,209	\$ 5,027	\$ 29,887	\$ 562,985
Capital assets	58,174,385	59,795,417	-	-	(1,621,032)
Total Assets	79,959,439	80,992,626	5,027	29,887	(1,058,047)
Deferred charge on refunding	392,195	409,247	-	-	(17,052)
Deferred outflows related to pensions	7,323,978	8,556,732	-	-	(1,232,754)
Deferred outflows related to OPEB	3,638,819	2,898,384	-	-	740,435
Total Deferred Outflows of Resources	11,354,992	11,864,363	-	-	(509,371)
Current liabilities	3,457,246	4,295,498	3,327	4,660	(839,585)
Long-term liabilities	74,856,526	77,622,085	-	-	(2,765,559)
Total Liabilities	78,313,772	81,917,583	3,327	4,660	(3,605,144)
Deferred inflows related to pensions	2,555,294	1,217,622	-	-	1,337,672
Deferred inflows related to OPEB	7,604,680	5,774,609	-	-	1,830,071
Total Deferred Inflows of Resources	10,159,974	6,992,231	-	-	3,167,743
Net Position:					
Net invested in capital assets	14,808,747	16,204,185	-	-	(1,395,438)
Restricted	1,379,907	1,327,579	1,700	25,227	28,801
Unrestricted	(13,347,969)	(13,584,589)	-	-	236,620
Total Net Position	\$ 2,840,685	\$ 3,947,175	\$ 1,700	\$ 25,227	\$ (1,130,017)

BRENHAM INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2020

Table 2

Changes in Net Position

Table 2		Governmental		Total	Business-Type					
Changes in Net Position		Activities		Change	Activities					
		2020	2019	2020-2019	2020	2019				
Revenues										
Program revenues:										
Charges for services	\$	868,034	\$	1,262,292	\$	(394,258)	\$	32,436	\$	78,395
Operating grants and contributions		10,342,318		10,393,572		(51,254)		-		-
General revenues:										
Property taxes		31,831,183		31,346,352		484,831		-		-
Grants and contributions not restricted										
for specific programs		14,970,678		12,301,347		2,669,331		-		-
Investment earnings		439,078		675,355		(236,277)		-		-
Other revenue		754,068		658,819		95,249		-		-
Transfers		-		(10,000)		10,000		-		10,000
Total Revenue		59,205,359		56,627,737		2,567,622		32,436		88,395
Expenses										
Instruction		34,671,294		31,865,216		2,806,078		-		-
Instructional resources and media services		705,865		739,493		(33,628)		-		-
Curriculum and staff development		725,651		762,705		(37,054)		-		-
Instructional leadership		697,740		672,342		25,398		-		-
School leadership		2,958,844		2,859,355		99,489		-		-
Guidance, counseling, and evaluation services		2,431,258		2,150,018		281,240		-		-
Social work services		6,993		53,740		(46,747)		-		-
Health services		660,373		601,642		58,731		-		-
Student (pupil) transportation		2,697,676		3,027,977		(330,301)		-		-
Food services		2,647,433		3,006,896		(359,463)		-		-
Extracurricular activities		1,821,254		1,988,053		(166,799)		-		-
General administration		2,502,940		2,152,954		349,986		-		-
Plant maintenance and operations		4,947,162		4,720,633		226,529		-		-
Security and monitoring services		550,827		547,675		3,152		-		-
Data processing services		919,961		866,362		53,599		-		-
Community services		191,247		223,535		(32,288)		55,963		97,093
Interest on long-term debt		1,151,283		1,030,099		121,184		-		-
Bond issuance costs and fees		24,048		2,400		21,648		-		-
Total Expenses		60,311,849		57,271,095		3,040,754		55,963		97,093
Change in Net Position		(1,106,490)		(643,358)		(463,132)		(23,527)		(8,698)
Beginning net position		3,947,175		4,590,533		(643,358)		25,227		33,925
Ending Net Position	\$	2,840,685	\$	3,947,175	\$	(1,106,490)	\$	1,700	\$	25,227

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year end August 31, 2020, the District's governmental funds reported a combined fund balance of \$16,763,874. This compares to a combined fund balance of \$15,403,500 at August 31, 2019. The fund balance in the general fund increased primarily due to an increase in local revenues due to an increase in property tax revenues and state revenues due to an increase in additional state funding. 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 SECO Energy project and high school upgrades. The District's combined governmental funds revenue increased by \$2,201,302. This consisted of an increase in local revenue due to receiving more property tax revenue due to an increase in appraised values as a result of House Bill 3 and additional state funding. The total combined revenue was \$57,354,511 this year compared to \$53,403,341 last year. The District's combined governmental funds expenditures decreased by \$3,320,556 due to decreases in instructional resource and media sources; guidance, counseling, and evaluation services; student transportation; food service; cocurricular/extracurricular activities; general administration; facilities maintenance and operations and capital outlay projects. Total expenditures were \$56,282,622 this year compared to \$59,603,178 last year.

BRENHAM INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020, 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 and additional state funding. The general fund's actual revenues exceeded budgeted revenues by \$523,699 due to greater than anticipated revenue due to an increase in property tax revenue. The budgeted expenditures exceeded actual expenditures by \$1,912,871, due to spending less in instruction, student transportation, cocurricular/extracurricular activities, plant maintenance and operations and security and monitoring services.

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 \$58,174,385 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, vehicles, and District equipment. This total includes \$1,081,862 invested in land, buildings and improvements, equipment, and vehicles during the fiscal year ended August 31, 2020.

Major capital asset events during the year included the following:

- Purchase of a Chevy truck for \$6,900
- Purchase of an express cargo van for \$20,500
- Purchase of a Chevrolet truck for \$7,400
- Purchase of a steamer for junior high for \$16,266
- Purchase of a new fence for junior high for \$34,800
- Purchase of two new air conditioners for junior high for \$13,990
- Purchase of two new air conditions for ROTC building for \$18,750
- Purchase of a tractor for \$15,000
- Purchase of roof replacement for \$149,518
- Purchase of high school gym floors for \$84,920
- Completion of stadium bleachers for \$232,250
- Purchase of land improvements for \$30,743
- Completion for high school upgrades of \$2,946,980
- Completion 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 \$34,094,969 in general obligation bonds, notes, a capital lease, and a loan outstanding versus \$35,699,859 last year.

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

COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While changes to operations caused a significant hardship, the overall impact to the financial operations for the 2019-2020 school year as a percentage of the overall budget was nominal. Areas impacted the most were teaching and learning, technology, and facilities. The District received \$785,233 in allocations and elected to use \$443,582 of the funds for anticipated additional costs in the 2020-2021 school year.

BRENHAM INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted general fund expenditures for the 2020-2021 school year total \$47,821,379 and the District's Board adopted a Maintenance and Operations tax rate of \$0.9658 and an Interest and Sinking tax rate of \$0.0800 for a combined rate of \$1.0458 per \$100 of valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

This page is left blank intentionally.

BRENHAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 4,684,928	\$ 5,026	\$ 4,689,954
1120 <i>Current Investments</i>	14,720,580	--	14,720,580
1220 <i>Property Taxes Receivable</i>	1,994,402	--	1,994,402
1230 <i>Allowance for Uncollectible Taxes</i>	(432,223)	--	(432,223)
1240 <i>Due from Other Governments</i>	656,547	--	656,547
1260 <i>Internal Balances</i>	(1)	1	--
1290 <i>Other Receivables (Net)</i>	290	--	290
1300 <i>Inventories</i>	137,067	--	137,067
1410 <i>Prepaid Items</i>	23,464	--	23,464
Capital Assets:			
1510 <i>Land</i>	2,896,987	--	2,896,987
1520 <i>Buildings and Improvements, Net</i>	54,043,070	--	54,043,070
1530 <i>Furniture and Equipment, Net</i>	882,337	--	882,337
1530 <i>Vehicles, Net</i>	351,991	--	351,991
1000 Total Assets	<u>79,959,439</u>	<u>5,027</u>	<u>79,964,466</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1700 <i>Deferred Charges on Refunding</i>	392,195	--	392,195
1705 <i>Deferred Outflows Related to Pensions</i>	7,323,978	--	7,323,978
1706 <i>Deferred Outflows Related to OPEB</i>	3,638,819	--	3,638,819
1700 Total Deferred Outflows of Resources	<u>11,354,992</u>	<u>--</u>	<u>11,354,992</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	43,766	--	43,766
2140 <i>Interest Payable</i>	17,587	--	17,587
2165 <i>Accrued Liabilities</i>	2,414,971	3,327	2,418,298
2177 <i>Due to Fiduciary</i>	27,597	--	27,597
2180 <i>Due to Other Governments</i>	869,893	--	869,893
2300 <i>Unearned Revenue</i>	83,432	--	83,432
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	1,834,709	--	1,834,710
2502 <i>Due in More Than One Year</i>	41,923,124	--	41,923,124
2540 <i>Net Pension Liability</i>	13,520,286	--	13,520,286
2545 <i>Net OPEB Liability</i>	17,578,407	--	17,578,407
2000 Total Liabilities	<u>78,313,772</u>	<u>3,327</u>	<u>78,317,100</u>
DEFERRED INFLOWS OF RESOURCES:			
2605 <i>Deferred Inflows Related to Pensions</i>	2,555,294	--	2,555,294
2606 <i>Deferred Inflows Related to OPEB</i>	7,604,680	--	7,604,680
2600 Total Deferred Inflows of Resources	<u>10,159,974</u>	<u>--</u>	<u>10,159,974</u>
NET POSITION:			
3200 Net Investment in Capital Assets	14,808,747	--	14,808,747
Restricted For:			
3820 <i>Federal and State Programs</i>	140,389	--	140,389
3850 <i>Debt Service</i>	835,845	--	835,845
3890 <i>Other Purposes</i>	403,673	1,700	405,373
3900 <i>Unrestricted</i>	(13,347,969)	--	(13,347,969)
3000 Total Net Position	<u>\$ 2,840,685</u>	<u>\$ 1,700</u>	<u>\$ 2,842,385</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 34,671,294	\$ 120,588	\$ 5,484,283
12	Instructional Resources and Media Services	705,865	44,912	48,927
13	Curriculum and Staff Development	725,651	--	233,520
21	Instructional Leadership	697,740	--	67,472
23	School Leadership	2,958,844	52,193	292,298
31	Guidance, Counseling, and Evaluation Services	2,431,258	--	1,048,146
32	Social Work Services	6,993	--	5,050
33	Health Services	660,373	--	90,320
34	Student Transportation	2,697,676	--	336,957
35	Food Service	2,647,433	501,306	1,819,839
36	Cocurricular/Extracurricular Activities	1,821,254	105,786	139,861
41	General Administration	2,502,940	--	235,246
51	Facilities Maintenance and Operations	4,947,162	--	182,625
52	Security and Monitoring Services	550,827	--	98,933
53	Data Processing Services	919,961	--	82,670
61	Community Services	191,247	43,249	118,222
72	Interest on Long-term Debt	1,151,283	--	57,949
73	Bond Issuance Costs and Fees	24,048	--	--
TG	Total Governmental Activities	<u>60,311,849</u>	<u>868,034</u>	<u>10,342,318</u>
	Business-type Activities:			
02	BISD Child Development Center	55,963	32,436	--
TB	Total Business-type Activities	<u>55,963</u>	<u>32,436</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 60,367,812</u>	<u>\$ 900,470</u>	<u>\$ 10,342,318</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
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>
\$ (29,066,423)	\$ --	\$ (29,066,423)
(612,026)	--	(612,026)
(492,131)	--	(492,131)
(630,268)	--	(630,268)
(2,614,353)	--	(2,614,353)
(1,383,112)	--	(1,383,112)
(1,943)	--	(1,943)
(570,053)	--	(570,053)
(2,360,719)	--	(2,360,719)
(326,288)	--	(326,288)
(1,575,607)	--	(1,575,607)
(2,267,694)	--	(2,267,694)
(4,764,537)	--	(4,764,537)
(451,894)	--	(451,894)
(837,291)	--	(837,291)
(29,776)	--	(29,776)
(1,093,334)	--	(1,093,335)
(24,048)	--	(24,048)
<u>(49,101,497)</u>	<u>--</u>	<u>(49,101,497)</u>
 --	 (23,527)	 (23,527)
<u>--</u>	<u>(23,527)</u>	<u>(23,527)</u>
<u>(49,101,497)</u>	<u>(23,527)</u>	<u>(49,125,024)</u>
 29,407,248	 --	 29,407,248
2,423,935	--	2,423,935
439,078	--	439,078
14,970,678	--	14,970,678
754,068	--	754,068
<u>47,995,007</u>	<u>--</u>	<u>47,995,007</u>
(1,106,490)	(23,527)	(1,130,017)
3,947,175	25,227	3,972,402
<u>\$ 2,840,685</u>	<u>\$ 1,700</u>	<u>\$ 2,842,385</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 3,298,175	\$ 1,367,411	\$ 4,665,586
1120 <i>Current Investments</i>	13,146,238	1,574,342	14,720,580
1220 <i>Property Taxes Receivable</i>	1,823,634	170,768	1,994,402
1230 <i>Allowance for Uncollectible Taxes</i>	(385,686)	(46,537)	(432,223)
1240 <i>Due from Other Governments</i>	110,771	545,776	656,547
1260 <i>Due from Other Funds</i>	840,510	7,410	847,920
1290 <i>Other Receivables</i>	290	--	290
1300 <i>Inventories</i>	70,866	66,201	137,067
1410 <i>Prepaid Items</i>	23,464	--	23,464
1000 Total Assets	<u>\$ 18,928,262</u>	<u>\$ 3,685,371</u>	<u>\$ 22,613,633</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 43,766	\$ --	\$ 43,766
2150 <i>Payroll Deductions and Withholdings</i>	702	--	702
2160 <i>Accrued Wages Payable</i>	2,205,922	208,347	2,414,269
2170 <i>Due to Other Funds</i>	1	847,920	847,921
2177 <i>Due to Other Fiduciary Funds</i>	27,597	--	27,597
2180 <i>Due to Other Governments</i>	869,893	--	869,893
2300 <i>Unearned Revenue</i>	--	83,432	83,432
2000 Total Liabilities	<u>3,147,881</u>	<u>1,139,699</u>	<u>4,287,580</u>
DEFERRED INFLOWS OF RESOURCES:			
2600 <i>Unavailable Revenue for Property Taxes</i>	1,437,948	124,231	1,562,179
2600 Total Deferred Inflows of Resources	<u>1,437,948</u>	<u>124,231</u>	<u>1,562,179</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	70,866	66,201	137,067
3430 <i>Prepaid Items</i>	23,464	--	23,464
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	74,188	74,188
3480 <i>Retirement of Long-Term Debt</i>	--	835,845	835,845
3490 <i>Other Restrictions of Fund Balance</i>	--	403,673	403,673
Committed Fund Balances:			
3510 <i>Construction</i>	1,400,000	--	1,400,000
Assigned Fund Balance:			
3570 <i>Capital Acquisitions and Contractual Obligations</i>	--	1,041,534	1,041,534
3600 <i>Unassigned</i>	12,848,103	--	12,848,103
3000 Total Fund Balances	<u>14,342,433</u>	<u>2,421,441</u>	<u>16,763,874</u>
4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,928,262</u>	<u>\$ 3,685,371</u>	<u>\$ 22,613,633</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2020*

Total fund balances - governmental funds balance sheet	\$ 16,763,874
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.	58,174,385
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,562,179
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	19,342
Payables for bond principal which are not due in the current period are not reported in the funds.	(43,365,638)
Payables for bond interest which are not due in the current period are not reported in the funds.	(17,587)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(13,520,286)
Deferred outflows of resources related to the Teacher Retirement System of Texas (TRS) are not reported in the funds.	7,323,978
Deferred inflows of resources related to TRS are not reported in the funds.	(2,555,294)
Recognition of the District's proportionate share of the net other postemployment benefits (OPEB) liability is not reported in the funds.	(17,578,407)
Deferred outflows of resources related to the OPEB plan are not reported in the funds.	3,638,819
Deferred inflows of resources related to the OPEB plan are not reported in the funds.	(7,604,680)
Net position of governmental activities - Statement of Net Position	\$ <u>2,840,685</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, 2020

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 30,369,878	\$ 3,526,150	\$ 33,896,028
5800 <i>State Program Revenues</i>	17,566,932	896,241	18,463,173
5900 <i>Federal Program Revenues</i>	526,871	4,468,439	4,995,310
5020 Total Revenues	<u>48,463,681</u>	<u>8,890,830</u>	<u>57,354,511</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	27,920,321	2,301,450	30,221,771
0012 <i>Instructional Resources and Media Services</i>	552,048	37,489	589,537
0013 <i>Curriculum and Staff Development</i>	469,838	154,882	624,720
0021 <i>Instructional Leadership</i>	610,362	--	610,362
0023 <i>School Leadership</i>	2,649,354	63,700	2,713,054
0031 <i>Guidance, Counseling, and Evaluation Services</i>	1,363,636	694,682	2,058,318
0033 <i>Health Services</i>	587,242	31,882	619,124
0034 <i>Student Transportation</i>	2,103,045	304,313	2,407,358
0035 <i>Food Service</i>	74,553	2,204,265	2,278,818
0036 <i>Cocurricular/Extracurricular Activities</i>	1,497,625	210	1,497,835
0041 <i>General Administration</i>	2,285,754	--	2,285,754
0051 <i>Facilities Maintenance and Operations</i>	4,722,287	66,510	4,788,797
0052 <i>Security and Monitoring Services</i>	496,233	82,872	579,105
0053 <i>Data Processing Services</i>	803,522	39,078	842,600
0061 <i>Community Services</i>	68,746	78,537	147,283
0071 <i>Principal on Long-term Debt</i>	139,639	1,753,736	1,893,375
0072 <i>Interest on Long-term Debt</i>	18,521	1,098,278	1,116,799
0073 <i>Bond Issuance Costs and Fees</i>	23,148	900	24,048
0081 <i>Capital Outlay</i>	913,530	70,434	983,964
6030 Total Expenditures	<u>47,299,404</u>	<u>8,983,218</u>	<u>56,282,622</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>1,164,277</u>	<u>(92,388)</u>	<u>1,071,889</u>
Other Financing Sources and (Uses):			
7914 <i>Issuance of Non-Current Debt</i>	288,485	--	288,485
7915 <i>Transfers In</i>	97,322	38,624	135,946
8911 <i>Transfers Out</i>	--	(135,946)	(135,946)
7080 Total Other Financing Sources and (Uses)	<u>385,807</u>	<u>(97,322)</u>	<u>288,485</u>
1200 Net Change in Fund Balances	<u>1,550,084</u>	<u>(189,710)</u>	<u>1,360,374</u>
0100 Fund Balances - Beginning	<u>12,792,349</u>	<u>2,611,151</u>	<u>15,403,500</u>
3000 Fund Balances - Ending	<u>\$ 14,342,433</u>	<u>\$ 2,421,441</u>	<u>\$ 16,763,874</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020*

Net change in fund balances - total governmental funds	\$ 1,360,374
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	1,081,862
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,702,894)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(3,664)
Reversal of fiscal year on-behalf revenues is reported in the funds but not in the SOA.	(2,392,520)
Reversal of fiscal year on-behalf expenses is reported in the funds but not in the SOA.	2,392,520
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,753,736
Repayment of capital lease and loan principal is an expenditure in the funds but is not an expense in the SOA.	139,639
Premiums and deferred charges are amortized in the SOA but not in the funds.	62,782
The accretion of interest on capital appreciation bonds is not reported in the funds.	(158,507)
(Increase) decrease in accrued interest from beginning of period to end of period.	61,240
The net revenue (expense) of internal service funds is reported with governmental activities.	8,146
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(288,485)
GASB 68 on-behalf revenues are reported with governmental activities.	3,630,125
The District's share of the net pension expense is reported with governmental activities.	(5,643,933)
GASB 75 on-behalf revenues are reported with governmental activities.	615,615
The District's share of the net OPEB expense is reported with governmental activities.	(1,023,819)
GASB 75 federal funding recognized in the SOA is reported with governmental activities.	1,293
Change in net position of governmental activities - Statement of Activities	\$ <u>(1,106,490)</u>

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT*STATEMENT OF NET POSITION**PROPRIETARY FUNDS**AUGUST 31, 2020*

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	ASSETS:		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 5,026	\$ 19,342
	<i>Receivables:</i>		
1260	<i>Due from Other Funds</i>	1	--
	Total Current Assets	<u>5,027</u>	<u>19,342</u>
1000	Total Assets	<u>5,027</u>	<u>19,342</u>
	LIABILITIES:		
	Current Liabilities:		
2160	<i>Accrued Wages Payable</i>	<u>3,327</u>	<u>--</u>
	Total Current Liabilities	<u>3,327</u>	<u>--</u>
2000	Total Liabilities	<u>3,327</u>	<u>--</u>
	NET POSITION:		
3800	<i>Restricted</i>	1,700	19,342
3000	Total Net Position	<u>\$ 1,700</u>	<u>\$ 19,342</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, 2020

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
OPERATING REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 32,436	\$ 571,184
5020	Total Revenues	<u>32,436</u>	<u>571,184</u>
OPERATING EXPENSES:			
6100	<i>Payroll Costs</i>	54,590	554,374
6200	<i>Professional and Contracted Services</i>	--	5,212
6300	<i>Supplies and Materials</i>	1,044	3,452
6400	<i>Other Operating Costs</i>	329	--
6030	Total Expenses	<u>55,963</u>	<u>563,038</u>
	Income (Loss) before Transfers	(23,527)	8,146
7915	<i>Transfers In</i>	23,309	--
8911	<i>Transfers Out</i>	(23,309)	--
1300	Change in Net Position	<u>(23,527)</u>	<u>8,146</u>
0100	Total Net Position - Beginning	25,227	11,196
3300	Total Net Position - Ending	<u>\$ 1,700</u>	<u>\$ 19,342</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, 2020**

	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 32,436	\$ --
<i>Operating Transactions with Other Funds</i>	--	16,810
<i>Receipts from Other Governments</i>	--	554,374
<i>Cash Payments to Employees for Services</i>	(57,296)	(563,038)
Net Cash Provided (Used) by Operating Activities	(24,860)	8,146
Net Increase (Decrease) in Cash and Cash Equivalents	(24,860)	8,146
Cash and Cash Equivalents at Beginning of Year	29,886	11,196
Cash and Cash Equivalents at End of Year	\$ 5,026	\$ 19,342
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (23,527)	\$ 8,146
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>	(1,333)	--
Total Adjustments	(1,333)	--
Net Cash Provided (Used) by Operating Activities	\$ (24,860)	\$ 8,146

The accompanying notes are an integral part of this statement.

BRENHAM INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2020*

		Private- Purpose Trust Funds	
Data Control Codes		Scholarship Fund	Agency Funds
ASSETS:			
1110	Cash and Cash Equivalents	\$ 22,335	\$ 825,937
1120	Current Investments	7,460	11
1260	Due from Other Funds	--	27,597
1000	Total Assets	29,795	853,545
LIABILITIES:			
Current Liabilities:			
2180	Due to Other Governments	--	296,632
2190	Due to Student Groups	--	556,913
2000	Total Liabilities	--	853,545
NET POSITION:			
3800	Held in Trust	29,795	--
3000	Total Net Position	\$ 29,795	\$ --

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, 2020*

	Private- Purpose Trust Fund	Scholarship Fund
Additions:		
Investment Income	\$ 418	
Employer Contributions	1,350	
Total Additions	<u>1,768</u>	
Deductions:		
Scholarship Awards		<u>2,200</u>
Total Deductions		<u>2,200</u>
Change in Net Position	(432)	
Net Position-Beginning of the Year	30,227	
Net Position-End of the Year	<u>\$ 29,795</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, 2020

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 (the "State"). 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 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 incorporates 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, 2020

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, culinary arts, 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, 2020

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 fund.

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, 2020

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:

Asset Description	Estimated Useful Life
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, 2020

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, 2020

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, 2020

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:

General Fund	
Bond Issuance Costs and Fees	\$23,148

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,927,333 and the bank balance was \$16,201,179.

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; 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, 2020, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>
Texpool	\$ 2,119,912	AAAm*	0.07
Texas CLASS	1,523,988	AAAm*	0.15
Lone Star	695,049	AAA*	0.07
Certificate of Deposit	2,120,702	-	0.83
	<u>\$ 6,459,651</u>		

Portfolio weighted average maturity

0.34

*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, 2020, the District's investments in TexPool, Texas CLASS, and Lone Star were rated 'AAAm', 'AAAm', and AAA, respectively, by Standard and Poor's.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020, 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 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 and Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and 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. 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.

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 Lone Star 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, 2020

B. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,866,245	\$ 30,742	\$ -	\$ 2,896,987
Construction in progress	4,140,441	355,083	(4,495,524)	-
Total capital assets not being depreciated	7,006,686	385,825	(4,495,524)	2,896,987
Other capital assets:				
Buildings and improvements	97,687,631	5,058,682	-	102,746,313
Equipment	2,785,803	98,079	-	2,883,882
Vehicles	4,437,270	34,800	-	4,472,070
Total other capital assets	104,910,704	5,191,561	-	110,102,265
Less accumulated depreciation for:				
Buildings and improvements	(46,268,104)	(2,435,139)	-	(48,703,243)
Equipment	(1,880,438)	(121,107)	-	(2,001,545)
Vehicles	(3,973,431)	(146,648)	-	(4,120,079)
Total accumulated depreciation	(52,121,973)	(2,702,894)	-	(54,824,867)
Other capital assets, net	52,788,731	2,488,667	-	55,277,398
Governmental Activities Capital Assets, Net	\$ 59,795,417	\$ 2,874,492	\$ (4,495,524)	\$ 58,174,385

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 1,705,412
12 Instructional resources/media services	80,999
13 Curriculum and staff development	18,098
21 Instructional leadership	28,950
23 School leadership	18,098
34 Student (pupil) transportation	296,215
35 Food service	142,854
36 Extracurricular activities	192,530
41 General administration	29,642
51 Plant maintenance and operations	115,120
53 Data processing services	74,976
Total Depreciation Expense	\$ 2,702,894

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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
Governmental Activities:					
QSCB MTN, Series 2010	\$ 1,500,000	\$ -	\$ (300,000)	\$ 1,200,000	\$ 300,000
Refunding, Series 2012	28,978,373	-	(1,293,736)	27,684,637	1,229,832
Capital Lease	68,277	-	(68,277)	-	-
Direct Borrowings/Placements					
QZAB MTN, Series 2016	3,870,000	-	(160,000)	3,710,000	160,000
SECO Loan	1,283,209	288,485	(71,362)	1,500,332	144,877
	<u>35,699,859</u>	<u>288,485</u>	<u>(1,893,375)</u>	<u>34,094,969</u>	<u>1,834,709</u>
Other liabilities:					
Issuance premiums/discount	1,916,006	-	(79,834)	1,836,172	*
Accreted interest	7,668,185	859,771	(701,264)	7,826,692	*
Net pension liability	14,076,904	-	(556,618)	13,520,286	-
Net OPEB liability	18,261,131	-	(682,724)	17,578,407	-
Total Governmental Activities	<u>\$ 77,622,085</u>	<u>\$ 1,148,256</u>	<u>\$ (3,913,815)</u>	<u>\$ 74,856,526</u>	<u>\$ 1,834,709</u>
Long-term liabilities due in more than one year				<u>\$ 73,021,817</u>	
*Debt associated with capital assets				<u>\$ 43,757,833</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 \$1,116,799 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 (the "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 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/registrant 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, 2020*

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 (the "Loan") with the State Energy Conservation Office (SECO) in the amount of \$1,571,693, to pay for the lighting retrofits and EMS upgrades. The Loan has an interest rate of 2% which begins to accrue when the lender processes a reimbursement to the District. The term of the Loan is 10 years. The first Loan repayment date was May 31, 2020, with quarterly payments being made beginning on August 31, 2020. The Loan will be repaid with maintenance and operations tax revenues out of the general fund.

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

Year Ended August 31	Bonds Payable		
	Principal	Interest	Total Requirements
2021	\$ 1,229,832	\$ 383,514	\$ 1,613,346
2022	1,173,658	383,514	1,557,172
2023	1,090,840	383,514	1,474,354
2024	1,042,363	383,514	1,425,877
2025	1,001,395	383,514	1,384,909
2026-2030	6,477,918	4,032,005	10,509,923
2031-2035	6,540,508	4,882,406	11,422,914
2036-2040	3,573,123	972,127	4,545,250
2041-2045	5,555,000	274,663	5,829,663
Totals	\$ 27,684,637	\$ 12,078,770	\$ 39,763,407

Year Ended August 31	Notes Payable - QSCB MTN, Series 2010		
	Principal	Interest	Total Requirements
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
	\$ 1,200,000	\$ 24,000	\$ 1,224,000

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
2021	\$ 160,000	\$ -	\$ 160,000
2022	160,000	-	160,000
2023	160,000	-	160,000
2024	160,000	-	160,000
2025	440,000	-	440,000
2026-2030	2,195,000	-	2,195,000
2031-2035	435,000	-	435,000
Totals	\$ 3,710,000	\$ -	\$ 3,710,000

BRENHAM INDEPENDENT SCHOOL DISTRICT*NOTES TO FINANCIAL STATEMENTS, Continued**FOR THE YEAR ENDED AUGUST 31, 2020*

Year Ended August 31	Direct Borrowings / Direct Placements - SECO Loan		
	Principal	Interest	Total Requirements
2021	\$ 144,877	\$ 28,925	\$ 173,801
2022	147,796	26,005	173,801
2023	150,774	23,027	173,801
2024	153,812	19,989	173,801
2025	156,912	16,890	173,801
2026-2030	746,162	35,943	782,105
Totals	\$ 1,500,332	\$ 150,779	\$ 1,651,111

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 2020	<u>\$ 220,548</u>
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E. Interfund Transactions

The interfund balances and transfers at August 31, 2020 were as follows:

Due To Fund	Due From Fund	Amount	Reason
General Fund	Nonmajor Governmental Funds	\$ 840,510	Short-term loans
Nonmajor Governmental Funds	Nonmajor Governmental Funds	7,410	Short-term loans
Enterprise Fund	General Fund	1	Short-term loans
	Total	<u>\$ 847,921</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
Nonmajor Governmental Funds	General Fund	\$ 97,322	To supplement revenue
Nonmajor Governmental Funds	Nonmajor Governmental Funds	38,624	To supplement revenue
	Total	<u>\$ 135,946</u>	

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.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued* FOR THE YEAR ENDED AUGUST 31, 2020

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.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While the initial event occurred prior to year end, the District was, subsequent to year end, continuing to modify its operations to prevent the spread to protect students, staff, and the community as a whole, while balancing the educational needs of students. In August 2020, the District resumed its 2020-2021 school year starting on the regularly scheduled date with in-classroom learning, but providing parents and guardians the option for virtual learning on a semester-by-semester basis. Approximately 12% of students elected virtual learning. The District has made numerous changes to its operations, including provisions for students and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The District is continuing to monitor exposure levels with students, staff and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with in-class learning, but the District is ready to modify its plans if necessary. The District will continue to seek out additional funding to cover the increased costs in responding to the pandemic.

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 <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS*, then *Publications*, then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates			
Fiscal Year	State	Public Education Employer*	Active Employee
2019	6.80%	1.50%	7.70%
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

*SB 12 requires an increase in employer contributions by public school districts, charter schools, and regional education service centers. Prior to SB12, only those employers not participating in Social Security were required to pay a 1.5% contribution. Beginning September 1, 2019, all employers are required to pay the Public Education Employer Contribution irrespective of participation in Social Security.

Contribution Rates		
	2019	2020
Member	7.7%	7.7%
NECE (State)	6.8%	7.5%
Employer	6.8%	6.8%

	Measurement Year (2019)	Fiscal Year (2020)
Employer contributions	\$ 910,346	\$ 975,274
Member contributions	\$ 2,401,873	\$ 2,535,220
NECE on-behalf contributions	\$ 1,555,918	\$ 1,923,669

Contributors to TRS include members, employers, and the State as the only nonemployer 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 General Appropriations Act.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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 noneducational, and general or local funds.
- 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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to TRS beginning in fiscal year 2020. This contribution rate, called the Public Education Employer Contribution (PEEC), will replace the Non-Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program surcharge that was in effect in fiscal year 2019.

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 OASDI Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced by the PEEC explained above.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 and was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate	7.25%
Municipal bond rate as of August 2019	2.63%. 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	2.30%
Salary increases	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions used in the determination of the TPL are the same assumptions used in the actuarial valuation as of ending August 31, 2018. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 2018.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

Discount Rate

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

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

The long-term expected rate of return on TRS investments is 7.25%. The long-term expected rate of return on TRS investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS' 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, 2019

Asset Class	Fiscal Year 2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources, and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% (5)
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Expected Return	100.0%	100.0%	7.2%

(1) Target allocations are based on the Strategic Asset Allocation as of fiscal year 2019.

(2) New allocations are based on the Strategic Asset Allocation to be implemented fiscal year 2020.

(3) Ten-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

(4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

(5) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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 (7.25%) in measuring the NPL:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	<u>\$ 20,782,644</u>	<u>\$ 13,520,286</u>	<u>\$ 7,636,375</u>

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

At August 31, 2020, the District reported a liability of \$13,520,286 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	\$ 13,520,286
State's proportionate share that is associated with the District	23,109,171
Total	<u>\$ 36,629,457</u>

The NPL was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the TPL used to calculate the NPL was determined by an actuarial valuation as that date. 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, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective NPL was 0.0260090%, which was an increase of 0.0004344% from its proportion measured as of August 31, 2019.

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas Legislature approved funding for a thirteenth check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$3,630,125 and revenue of \$3,630,125 for support provided by the State.

BRENHAM INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued****FOR THE YEAR ENDED AUGUST 31, 2020**

At August 31, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 56,797	\$ (469,446)
Changes in actuarial assumptions	4,194,657	(1,733,431)
Difference between projected and actual investment earnings	135,760	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,961,490	(352,417)
Contributions paid to TRS subsequent to the measurement date	975,274	-
Total	\$ 7,323,978	\$ (2,555,294)

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
2021	\$ 992,107
2022	826,540
2023	885,090
2024	832,698
2025	372,131
Thereafter	(115,156)
Total	\$ 3,793,410

D. Defined Other Postemployment Benefit PlanPlan 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.texas.gov/TRS%20Documents/cafr2019.pdf; 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:

TRS-Care Plan Premium Rates			
	Medicare		Non-Medicare
Retiree*	\$ 135	\$	200
Retiree and spouse	\$ 529	\$	689
Retiree* and children	\$ 468	\$	408
Retiree and family	\$ 1,020	\$	999

**or surviving spouse*

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

Total OPEB liability	\$	48,583,247,239
Less: plan fiduciary net position		1,292,022,349
Net OPEB Liability	\$	47,291,224,890

Net position as a percentage of total OPEB liability 2.66%

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.

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

	<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:

Contribution Rates

	<u>Fiscal Year</u>	
	<u>2019</u>	<u>2020</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%

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year (2019)	Fiscal Year (2020)
Employer contributions	\$ 263,238	\$ 278,385
Member contributions	\$ 202,755	\$ 214,012
NECE on-behalf contributions	\$ 350,521	\$ 411,562

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 \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation 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 and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2018.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

- | | |
|----------------------------------|----------------------------|
| 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 | |

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

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2018 rolled forward to 8/31/2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.63% as of August 31, 2019
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at 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

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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 2.3%.
- 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.

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 2.63% 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:

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 21,222,778	\$ 17,578,407	\$ 14,727,413

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:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	\$ 14,339,848	\$ 17,578,407	\$ 21,916,590

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

At August 31, 2020, the District reported a liability of \$17,578,407 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	\$ 17,578,407
State's proportionate share that is associated with the District	23,357,772
Total	\$ 40,936,179

The net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0371705%, compared to 0.0365728% as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The healthcare trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 60%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees was assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have the two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

For the year ended August 31, 2020, the District recognized OPEB expense of \$615,615 and revenue of \$615,615 for support provided by the State.

At August 31, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 862,370	\$ (2,876,520)
Changes in actuarial assumptions	976,343	(4,728,160)
Differences between projected and actual investment earnings	1,897	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,519,824	-
Contributions paid to TRS subsequent to the measurement date	278,385	-
Total	\$ 3,638,819	\$ (7,604,680)

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:

Fiscal Year Ended August 31	OPEB Expense
2021	\$ (759,796)
2022	(759,796)
2023	(760,410)
2024	(760,761)
2025	(760,667)
Thereafter	(442,816)
Total	\$ (4,244,246)

BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

FOR THE YEAR ENDED AUGUST 31, 2020

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, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$155,938, \$116,898, and \$88,733, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2020, 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, 2020 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation

During the year ended August 31, 2020, 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 \$1,000,000 with no upper limit.

G. Unemployment Compensation

During the year ended August 31, 2020, 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, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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, 2019 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

H. Subsequent Event

The District issued the Brenham Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020 (the "Bonds"), dated November 6, 2020 in the amount of \$26,622,261. Proceeds from the sale of the Bonds will be used to refund Unlimited Tax School Building and Refunding Bonds, Series 2012 for debt savings and to pay the costs of issuance of the Bonds.

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, 2020

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 29,984,221	\$ 30,084,585	\$ 30,369,878	\$ 285,293
5800	State Program Revenues	16,772,143	17,038,762	17,566,932	528,170
5900	Federal Program Revenues	816,635	816,635	526,871	(289,764)
5020	Total Revenues	47,572,999	47,939,982	48,463,681	523,699
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	27,753,839	28,226,488	27,920,321	306,167
0012	Instructional Resources and Media Services	566,664	569,102	552,048	17,054
0013	Curriculum and Staff Development	548,601	567,158	469,838	97,320
	Total Instruction and Instr. Related Services	28,869,104	29,362,748	28,942,207	420,541
Instructional and School Leadership:					
0021	Instructional Leadership	601,709	619,834	610,362	9,472
0023	School Leadership	2,676,701	2,694,008	2,649,354	44,654
	Total Instructional and School Leadership	3,278,410	3,313,842	3,259,716	54,126
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	1,475,611	1,460,770	1,363,636	97,134
0033	Health Services	585,173	629,218	587,242	41,976
0034	Student (Pupil) Transportation	2,732,500	2,738,822	2,103,045	635,777
0035	Food Services	78,000	83,107	74,553	8,554
0036	Cocurricular/Extracurricular Activities	1,638,690	1,660,154	1,497,625	162,529
	Total Support Services - Student (Pupil)	6,509,974	6,572,071	5,626,101	945,970
Administrative Support Services:					
0041	General Administration	2,244,306	2,297,930	2,285,754	12,176
	Total Administrative Support Services	2,244,306	2,297,930	2,285,754	12,176
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,948,637	5,035,286	4,722,287	312,999
0052	Security and Monitoring Services	535,579	606,201	496,233	109,968
0053	Data Processing Services	805,154	806,238	803,522	2,716
	Total Support Services - Nonstudent Based	6,289,370	6,447,725	6,022,042	425,683
Ancillary Services:					
0061	Community Services	105,633	105,633	68,746	36,887
	Total Ancillary Services	105,633	105,633	68,746	36,887
Debt Service:					
0071	Principal on Long-Term Debt	271,259	139,677	139,639	38
0072	Interest on Long-Term Debt	--	18,582	18,521	61
0073	Bond Issuance Costs and Fees	--	--	23,148	*(23,148)
	Total Debt Service	271,259	158,259	181,308	(23,049)
Capital Outlay:					
0081	Capital Outlay	350,000	954,067	913,530	40,537
	Total Capital Outlay	350,000	954,067	913,530	40,537
6030	Total Expenditures	47,918,056	49,212,275	47,299,404	1,912,871

BRENHAM INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	\$ (345,057)	\$ (1,272,293)	\$ 1,164,277	\$ 2,436,570
	Other Financing Sources (Uses):				
7914	<i>Issuance of Non-Current Debt</i>	--	--	288,485	288,485
7915	<i>Transfers In</i>	--	--	97,322	97,322
7080	Total Other Financing Sources and (Uses)	--	--	385,807	385,807
1200	Net Change in Fund Balance	(345,057)	(1,272,293)	1,550,084	2,822,377
0100	Fund Balance - Beginning	12,792,349	12,792,349	12,792,349	--
3000	Fund Balance - Ending	\$ 12,447,292	\$ 11,520,056	\$ 14,342,433	\$ 2,822,377

Notes to Required Supplementary Information:

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

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

BRENHAM INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
FOR THE YEAR ENDED AUGUST 31, 2020*

	Measurement Year*			
	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0260090%	0.0255746%	0.0219640%	0.0237652%
District's proportionate share of the net pension liability (asset)	\$ 13,520,286	\$ 14,076,904	\$ 7,022,897	\$ 8,980,509
State's proportionate share of the net pension liability (asset) associated with the District Total	\$ 23,109,171 \$ 36,629,457	\$ 25,235,202 \$ 39,312,106	\$ 15,611,299 \$ 22,634,196	\$ 18,121,670 \$ 27,102,179
District's covered payroll**	\$ 31,193,151	\$ 30,195,960	\$ 28,359,156	\$ 27,808,701
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.34%	46.62%	24.76%	32.29%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%

* Only six 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, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.

With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

The discount rate changed from 6.907% as of August 31, 2018 to 7.25% as of August 31, 2019.

Changes in Benefits:

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

Measurement Year*	
2015	2014
0.0239005%	0.0133948%
\$ 8,448,509	\$ 3,577,936
17,976,490	16,050,650
\$ 26,424,999	\$ 19,628,586
\$ 27,095,156	\$ 27,119,270
31.18%	13.19%
78.43%	83.25%

BRENHAM INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF DISTRICT CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**FOR THE YEAR ENDED AUGUST 31, 2020*

	Fiscal Year*			
	2020	2019	2018	2017
Contractually required contribution	\$ 975,274	\$ 914,149	\$ 861,545	\$ 719,851
Contributions in relation to the contractually required contribution	975,274	914,149	861,545	719,851
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,924,940	\$ 31,193,151	\$ 30,195,960	\$ 28,359,156
Contributions as a percentage of covered payroll	2.96%	2.93%	2.85%	2.54%

*Only seven years' of information is currently available.

EXHIBIT G-3

Fiscal Year*			
2016		2015	
2014			
\$	755,079	\$	707,663
		\$	339,596
	755,079		707,663
			339,596
\$	-	\$	-
\$	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, 2020

	Measurement Year*		
	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.0371705%	0.0365728%	0.0340955%
District's proportionate share of the collective net OPEB liability (asset) \$	17,578,407 \$	18,261,131 \$	14,826,864
State proportionate share of the collective net OPEB liability (asset) associated with the District	23,357,772	25,499,757	21,820,634
Total	<u>\$ 40,936,179</u>	<u>\$ 43,760,888</u>	<u>\$ 36,647,498</u>
District's covered payroll***	\$ 31,193,151 \$	30,195,960 \$	28,359,156
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.35%	60.48%	52.28%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

*Only three 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.

The participation rates for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.

The trend rates were reset to better reflect TRS's anticipated experience. This change increased the total OPEB liability.

The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.

Changes in Benefits: There were no changes in benefits that affected measurement of the total OPEB liability since the prior measurement period.

BRENHAM INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF DISTRICT CONTRIBUTIONS**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)**FOR THE YEAR ENDED AUGUST 31, 2020*

	Fiscal Year*		
	2020	2019	2018
Statutorily or contractually required District contribution	\$ 278,385	\$ 263,238	\$ 252,108
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	278,385	263,238	252,108
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered payroll	\$ 32,924,940	\$ 31,193,151	\$ 30,195,960
Contributions as a percentage of covered payroll	0.85%	0.84%	0.83%

* Only three 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, 2020

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,020,193	\$ 331,897	\$ 15,321	\$ 1,367,411
1120 <i>Current Investments</i>	44,181	503,948	1,026,213	1,574,342
1220 <i>Property Taxes Receivable</i>	--	170,768	--	170,768
1230 <i>Allowance for Uncollectible Taxes</i>	--	(46,537)	--	(46,537)
1240 <i>Due from Other Governments</i>	545,776	--	--	545,776
1260 <i>Due from Other Funds</i>	7,410	--	--	7,410
1300 <i>Inventories</i>	66,201	--	--	66,201
1000 Total Assets	<u>\$ 1,683,761</u>	<u>\$ 960,076</u>	<u>\$ 1,041,534</u>	<u>\$ 3,685,371</u>
LIABILITIES:				
Current Liabilities:				
2160 <i>Accrued Wages Payable</i>	\$ 208,347	\$ --	\$ --	\$ 208,347
2170 <i>Due to Other Funds</i>	847,920	--	--	847,920
2300 <i>Unearned Revenue</i>	83,432	--	--	83,432
2000 Total Liabilities	<u>1,139,699</u>	<u>--</u>	<u>--</u>	<u>1,139,699</u>
DEFERRED INFLOWS OF RESOURCES:				
2600 <i>Unavailable Revenue for Property Taxes</i>	--	124,231	--	124,231
2600 Total Deferred Inflows of Resources	<u>--</u>	<u>124,231</u>	<u>--</u>	<u>124,231</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	66,201	--	--	66,201
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	74,188	--	--	74,188
3480 <i>Retirement of Long-Term Debt</i>	--	835,845	--	835,845
3490 <i>Other Restrictions of Fund Balance</i>	403,673	--	--	403,673
Assigned Fund Balance				
3570 <i>Capital Acquisitions and Contractual Obligations</i>	--	--	1,041,534	1,041,534
3000 Total Fund Balances	<u>544,062</u>	<u>835,845</u>	<u>1,041,534</u>	<u>2,421,441</u>
Total Liabilities, Deferred Inflows				
4000 of Resources, and Fund Balances	<u>\$ 1,683,761</u>	<u>\$ 960,076</u>	<u>\$ 1,041,534</u>	<u>\$ 3,685,371</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:					
5700	Local and Intermediate Sources	\$ 682,201	\$ 2,443,831	\$ 400,118	\$ 3,526,150
5800	State Program Revenues	838,292	57,949	--	896,241
5900	Federal Program Revenues	4,468,439	--	--	4,468,439
5020	Total Revenues	5,988,932	2,501,780	400,118	8,890,830
EXPENDITURES:					
Current:					
0011	Instruction	2,301,450	--	--	2,301,450
0012	Instructional Resources and Media Services	37,489	--	--	37,489
0013	Curriculum and Staff Development	154,882	--	--	154,882
0023	School Leadership	63,700	--	--	63,700
0031	Guidance, Counseling, and Evaluation Services	694,682	--	--	694,682
0033	Health Services	31,882	--	--	31,882
0034	Student Transportation	304,313	--	--	304,313
0035	Food Service	2,204,265	--	--	2,204,265
0036	Cocurricular/Extracurricular Activities	210	--	--	210
0051	Facilities Maintenance and Operations	66,510	--	--	66,510
0052	Security and Monitoring Services	82,872	--	--	82,872
0053	Data Processing Services	39,078	--	--	39,078
0061	Community Services	78,537	--	--	78,537
0071	Principal on Long-term Debt	--	1,293,736	460,000	1,753,736
0072	Interest on Long-term Debt	--	1,084,778	13,500	1,098,278
0073	Bond Issuance Costs and Fees	--	--	900	900
0081	Capital Outlay	--	--	70,434	70,434
6030	Total Expenditures	6,059,870	2,378,514	544,834	8,983,218
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(70,938)	123,266	(144,716)	(92,388)
Other Financing Sources and (Uses):					
7915	Transfers In	38,624	--	--	38,624
8911	Transfers Out	(38,624)	--	(97,322)	(135,946)
7080	Total Other Financing Sources and (Uses)	--	--	(97,322)	(97,322)
1200	Net Change in Fund Balances	(70,938)	123,266	(242,038)	(189,710)
0100	Fund Balances - Beginning	615,000	712,579	1,283,572	2,611,151
3000	Fund Balances - Ending	\$ 544,062	\$ 835,845	\$ 1,041,534	\$ 2,421,441

BRENHAM INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2020

Data Control Codes		211 Title I, Part A Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary - Residential
ASSETS:					
1110	Cash and Cash Equivalents	\$ 75,447	\$ 133,684	\$ 2,285	\$ 21,000
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	141,165	162,368	2,998	--
1260	Due from Other Funds	3,441	3,969	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ 220,053</u>	<u>\$ 300,021</u>	<u>\$ 5,283</u>	<u>\$ 21,000</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 57,724	\$ 67,372	\$ 1,314	\$ --
2170	Due to Other Funds	162,329	232,649	3,969	--
2300	Unearned Revenue	--	--	--	21,000
2000	Total Liabilities	<u>220,053</u>	<u>300,021</u>	<u>5,283</u>	<u>21,000</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
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>\$ 220,053</u>	<u>\$ 300,021</u>	<u>\$ 5,283</u>	<u>\$ 21,000</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
\$ 155,386	\$ --	\$ --	\$ --	\$ --
16,073	--	--	--	--
26,855	--	--	10,812	4,105
--	--	--	--	--
66,201	--	--	--	--
<u>\$ 264,515</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,812</u>	<u>\$ 4,105</u>
\$ 61,713	\$ --	\$ --	\$ 4,691	\$ 1,760
--	--	--	6,121	2,345
62,413	--	--	--	--
<u>124,126</u>	<u>--</u>	<u>--</u>	<u>10,812</u>	<u>4,105</u>
66,201	--	--	--	--
74,188	--	--	--	--
--	--	--	--	--
<u>140,389</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 264,515</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,812</u>	<u>\$ 4,105</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2020

Data Control Codes		266 Education Stabilization Fund (ESSER)	270 Title V, B, Sp 2 Rural and Low- Income School	272 MAC Program	288 Restart Hurricane Recovery
ASSETS:					
1110	Cash and Cash Equivalents	\$ 253,920	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	184,605	--	--	--
1260	Due from Other Funds	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ 438,525</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 8,525	\$ --	\$ --	\$ --
2170	Due to Other Funds	430,000	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>438,525</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
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>\$ 438,525</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

289 Title IV, Part A, Subpart 1	385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	397 Advanced Placement Incentives	410 State Textbook
\$ 19	\$ --	\$ --	\$ --	\$ 23,354
--	--	--	--	--
5,802	--	7,066	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 5,821</u>	<u>\$ --</u>	<u>\$ 7,066</u>	<u>\$ --</u>	<u>\$ 23,354</u>
\$ 2,361	\$ --	\$ --	\$ --	\$ 2,887
3,441	--	7,066	--	--
19	--	--	--	--
<u>5,821</u>	<u>--</u>	<u>7,066</u>	<u>--</u>	<u>2,887</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	20,467
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20,467</u>
<u>\$ 5,821</u>	<u>\$ --</u>	<u>\$ 7,066</u>	<u>\$ --</u>	<u>\$ 23,354</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT*COMBINING BALANCE SHEET**NONMAJOR SPECIAL REVENUE FUNDS**AUGUST 31, 2020*

Data Control Codes		429 State Funded Special Revenue	490 BHS Campus Activity	491 BMS Campus Activity
ASSETS:				
1110	<i>Cash and Cash Equivalents</i>	\$ --	\$ 66,817	\$ 30,554
1120	<i>Current Investments</i>	--	5,719	22,389
1240	<i>Due from Other Governments</i>	--	--	--
1260	<i>Due from Other Funds</i>	--	--	--
1300	<i>Inventories</i>	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ 72,536</u>	<u>\$ 52,943</u>
LIABILITIES:				
Current Liabilities:				
2160	<i>Accrued Wages Payable</i>	\$ --	\$ --	\$ --
2170	<i>Due to Other Funds</i>	--	--	--
2300	<i>Unearned Revenue</i>	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	<i>Inventories</i>	--	--	--
Restricted Fund Balances:				
3450	<i>Federal/State Funds Grant Restrictions</i>	--	--	--
3490	<i>Other Restrictions of Fund Balance</i>	--	72,536	52,943
3000	Total Fund Balances	<u>--</u>	<u>72,536</u>	<u>52,943</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 72,536</u>	<u>\$ 52,943</u>

492	493	494	495	496
KES Campus Activity	AES Campus Activity	BES Campus Activity	Leap Campus Activity	BJHS Campus Activity
\$ 32,512	\$ 57,103	\$ 110,403	\$ 1,748	\$ 44,469
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 32,512</u>	<u>\$ 57,103</u>	<u>\$ 110,403</u>	<u>\$ 1,748</u>	<u>\$ 44,469</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
32,512	57,103	110,403	1,748	44,469
<u>32,512</u>	<u>57,103</u>	<u>110,403</u>	<u>1,748</u>	<u>44,469</u>
<u>\$ 32,512</u>	<u>\$ 57,103</u>	<u>\$ 110,403</u>	<u>\$ 1,748</u>	<u>\$ 44,469</u>

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BRENHAM INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2020

Data Control Codes	497 Legacy Field Campaign	498 Early Childhood Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 7,301	\$ 4,191	\$ 1,020,193
1120 <i>Current Investments</i>	--	--	44,181
1240 <i>Due from Other Governments</i>	--	--	545,776
1260 <i>Due from Other Funds</i>	--	--	7,410
1300 <i>Inventories</i>	--	--	66,201
1000 Total Assets	<u>\$ 7,301</u>	<u>\$ 4,191</u>	<u>\$ 1,683,761</u>
LIABILITIES:			
Current Liabilities:			
2160 <i>Accrued Wages Payable</i>	\$ --	\$ --	\$ 208,347
2170 <i>Due to Other Funds</i>	--	--	847,920
2300 <i>Unearned Revenue</i>	--	--	83,432
2000 Total Liabilities	<u>--</u>	<u>--</u>	<u>1,139,699</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	--	--	66,201
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	74,188
3490 <i>Other Restrictions of Fund Balance</i>	7,301	4,191	403,673
3000 Total Fund Balances	<u>7,301</u>	<u>4,191</u>	<u>544,062</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,301</u>	<u>\$ 4,191</u>	<u>\$ 1,683,761</u>

BREHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		211 Title I, Part A Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary - Residential
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	910,202	916,318	19,577	308,924
5020	Total Revenues	910,202	916,318	19,577	308,924
EXPENDITURES:					
Current:					
0011	Instruction	847,727	297,282	19,577	224,426
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	24,462	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	619,036	--	17,572
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	66,926
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	38,013	--	--	--
6030	Total Expenditures	910,202	916,318	19,577	308,924
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Carl D. Perkins Basic Formula Grant	255 Title II, Part A Supp. Effective Instruction	263 Title III, Part A - ELA
\$ 508,505	\$ --	\$ --	\$ --	\$ --
12,347	--	--	--	--
1,422,058	172,851	58,616	130,045	43,266
1,942,910	172,851	58,616	130,045	43,266
--	--	58,616	22,189	43,266
--	--	--	--	--
--	--	--	107,856	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,070,038	134,227	--	--	--
--	--	--	--	--
3,592	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,073,630	134,227	58,616	130,045	43,266
(130,720)	38,624	--	--	--
38,624	--	--	--	--
--	(38,624)	--	--	--
38,624	(38,624)	--	--	--
(92,096)	--	--	--	--
232,485	--	--	--	--
\$ 140,389	\$ --	\$ --	\$ --	\$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		266 Education Stabilization Fund (ESSER)	270 Title V, B, SP 2 Rural and Low- Income School	272 MAC Program	288 Restart Hurricane Recovery
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	341,651	24,344	22,720	32,124
5020	Total Revenues	341,651	24,344	22,720	32,124
EXPENDITURES:					
Current:					
0011	Instruction	10,479	20,591	--	--
0012	Instructional Resources and Media Services	--	--	--	850
0013	Curriculum and Staff Development	--	614	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	26,271	--	--	31,274
0033	Health Services	4,596	--	22,720	--
0034	Student Transportation	237,387	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Facilities Maintenance and Operations	62,918	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	3,139	--	--
6030	Total Expenditures	341,651	24,344	22,720	32,124
1100	Excess (Deficiency) of Revenues Over (Under)		24,344		
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

289 Title IV, Part A, Subpart 1	385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	397 Advanced Placement Incentives	410 State Textbook
\$ --	\$ --	\$ --	\$ --	\$ --
--	4,200	4,566	306	735,370
65,743	--	--	--	--
<u>65,743</u>	<u>4,200</u>	<u>4,566</u>	<u>306</u>	<u>735,370</u>
4,816	4,200	--	--	693,940
--	--	--	--	--
21,644	--	--	306	--
--	--	--	--	--
529	--	--	--	--
--	--	4,566	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1,369	--	--	--	--
--	--	--	--	39,078
37,385	--	--	--	--
<u>65,743</u>	<u>4,200</u>	<u>4,566</u>	<u>306</u>	<u>733,018</u>
--	--	--	--	2,352
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	2,352
--	--	--	--	18,115
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,467</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, 2020

Data Control Codes	429 State Funded Special Revenue	490 BHS Campus Activity	491 BMS Campus Activity
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 48,858	\$ 19,256
5800 <i>State Program Revenues</i>	81,503	--	--
5900 <i>Federal Program Revenues</i>	--	--	--
5020 Total Revenues	<u>81,503</u>	<u>48,858</u>	<u>19,256</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	863	3,866
0012 <i>Instructional Resources and Media Services</i>	--	1,114	12,501
0013 <i>Curriculum and Staff Development</i>	--	--	--
0023 <i>School Leadership</i>	--	47,396	2,159
0031 <i>Guidance, Counseling, and Evaluation Services</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0034 <i>Student Transportation</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	210	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0052 <i>Security and Monitoring Services</i>	81,503	--	--
0053 <i>Data Processing Services</i>	--	--	--
0061 <i>Community Services</i>	--	--	--
6030 Total Expenditures	<u>81,503</u>	<u>49,583</u>	<u>18,526</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>(725)</u>	<u>730</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	--	--
8911 <i>Transfers Out</i>	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>(725)</u>	<u>730</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>73,261</u>	<u>52,213</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 72,536</u>	<u>\$ 52,943</u>

492	493	494	495	496
KES Campus Activity	AES Campus Activity	BES Campus Activity	Leap Campus Activity	BJHS Campus Activity
\$ 25,484	\$ 37,018	\$ 37,043	\$ --	\$ 4,299
--	--	--	--	--
--	--	--	--	--
<u>25,484</u>	<u>37,018</u>	<u>37,043</u>	<u>--</u>	<u>4,299</u>
15,041	21,508	12,272	--	--
6,653	6,454	7,455	--	1,575
--	--	--	--	--
--	763	13,382	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>21,694</u>	<u>28,725</u>	<u>33,109</u>	<u>--</u>	<u>1,575</u>
3,790	8,293	3,934	--	2,724
--	--	--	--	--
--	--	--	--	--
<u>3,790</u>	<u>8,293</u>	<u>3,934</u>	<u>--</u>	<u>2,724</u>
28,722	48,810	106,469	1,748	41,745
<u>\$ 32,512</u>	<u>\$ 57,103</u>	<u>\$ 110,403</u>	<u>\$ 1,748</u>	<u>\$ 44,469</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, 2020

Data Control Codes	497 Legacy Field Campaign	498 Early Childhood Learning Center	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ 1,738	\$ 682,201
5800 State Program Revenues	--	--	838,292
5900 Federal Program Revenues	--	--	4,468,439
5020 Total Revenues	--	1,738	5,988,932
EXPENDITURES:			
Current:			
0011 Instruction	--	791	2,301,450
0012 Instructional Resources and Media Services	--	887	37,489
0013 Curriculum and Staff Development	--	--	154,882
0023 School Leadership	--	--	63,700
0031 Guidance, Counseling, and Evaluation Services	--	--	694,682
0033 Health Services	--	--	31,882
0034 Student Transportation	--	--	304,313
0035 Food Service	--	--	2,204,265
0036 Cocurricular/Extracurricular Activities	--	--	210
0051 Facilities Maintenance and Operations	--	--	66,510
0052 Security and Monitoring Services	--	--	82,872
0053 Data Processing Services	--	--	39,078
0061 Community Services	--	--	78,537
6030 Total Expenditures	--	1,678	6,059,870
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	60	(70,938)
Other Financing Sources and (Uses):			
7915 Transfers In	--	--	38,624
8911 Transfers Out	--	--	(38,624)
7080 Total Other Financing Sources and (Uses)	--	--	--
1200 Net Change in Fund Balances	--	60	(70,938)
0100 Fund Balances - Beginning	7,301	4,131	615,000
3000 Fund Balances - Ending	\$ 7,301	\$ 4,191	\$ 544,062

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

AUGUST 31, 2020

Data Control Codes	616 Non-Operating Fund	617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 15,321	\$ --	\$ --	\$ 15,321
1120 <i>Current Investments</i>	1,026,213	--	--	1,026,213
1000 Total Assets	<u>\$ 1,041,534</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,041,534</u>
LIABILITIES:				
2000 Total Liabilities	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES:				
Assigned Fund Balances:				
3570 <i>Capital Acquisitions and Contractual Obligations</i>	1,041,534	--	--	1,041,534
3000 Total Fund Balances	<u>1,041,534</u>	<u>--</u>	<u>--</u>	<u>1,041,534</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,041,534</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,041,534</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, 2020

Data Control Codes	616 Non-Operating Fund	617 Construction Fund	618 QZAB for Krause Elementary	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 399,402	\$ 716	\$ --	\$ 400,118
5020 <i>Total Revenues</i>	<u>399,402</u>	<u>716</u>	<u>--</u>	<u>400,118</u>
EXPENDITURES:				
0071 <i>Principal on Long-term Debt</i>	460,000	--	--	460,000
0072 <i>Interest on Long-term Debt</i>	13,500	--	--	13,500
0073 <i>Bond Issuance Costs and Fees</i>	900	--	--	900
0081 <i>Capital Outlay</i>	70,434	--	--	70,434
6030 <i>Total Expenditures</i>	<u>544,834</u>	<u>--</u>	<u>--</u>	<u>544,834</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(145,432)</u>	<u>716</u>	<u>--</u>	<u>(144,716)</u>
<i>Other Financing Sources and (Uses):</i>				
8911 <i>Transfers Out</i>	--	(48,895)	(48,427)	(97,322)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>(48,895)</u>	<u>(48,427)</u>	<u>(97,322)</u>
1200 <i>Net Change in Fund Balances</i>	<u>(145,432)</u>	<u>(48,179)</u>	<u>(48,427)</u>	<u>(242,038)</u>
0100 <i>Fund Balances - Beginning</i>	1,186,966	48,179	48,427	1,283,572
3000 <i>Fund Balances - Ending</i>	<u>\$ 1,041,534</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,041,534</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2020

Data Control Codes	Enterprise Funds		Total Nonmajor Enterprise Funds (See Exhibit D-1)	
	Latchkey Fund	Brenham Child Development Center		
ASSETS:				
Current Assets:				
1110	Cash and Cash Equivalents	\$ --	\$ 5,026	\$ 5,026
Receivables:				
1260	Due from Other Funds	--	1	1
	Total Current Assets	--	5,027	5,027
1000	Total Assets	--	5,027	5,027
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	--	3,327	3,327
	Total Current Liabilities	--	3,327	3,327
2000	Total Liabilities	--	3,327	3,327
NET POSITION:				
3800	Restricted	--	1,700	1,700
3000	Total Net Position	\$ --	\$ 1,700	\$ 1,700

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		Enterprise Funds		Total Nonmajor Enterprise Funds (See Exhibit D-2)
		Latchkey Fund	Brenham Child Development Center	
OPERATING REVENUES:				
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 32,436	\$ 32,436
5020	Total Revenues	<u>--</u>	<u>32,436</u>	<u>32,436</u>
OPERATING EXPENSES:				
6100	<i>Payroll Costs</i>	--	54,590	54,590
6300	<i>Supplies and Materials</i>	--	1,044	1,044
6400	<i>Other Operating Costs</i>	--	329	329
6030	Total Expenses	<u>--</u>	<u>55,963</u>	<u>55,963</u>
	Income (Loss) before Transfers	--	(23,527)	(23,527)
7915	<i>Transfers In</i>	--	23,309	23,309
8911	<i>Transfers Out</i>	<u>(23,309)</u>	--	<u>(23,309)</u>
1300	Change in Net Position	<u>(23,309)</u>	<u>(218)</u>	<u>(23,527)</u>
0100	Total Net Position - Beginning	23,309	1,918	25,227
3300	Total Net Position - Ending	<u>\$ --</u>	<u>\$ 1,700</u>	<u>\$ 1,700</u>

BREHAM INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF CASH FLOWS****NONMAJOR ENTERPRISE FUNDS****FOR THE YEAR ENDED AUGUST 31, 2020**

	711 Latchkey Fund	712 Brenham Child Development Center	Total Nonmajor Enterprise Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ --	\$ 32,436	\$ 32,436
<i>Cash Payments to Employees</i>	(1,159)	(56,137)	(57,296)
Net Cash Provided (Used) by Operating Activities	(1,159)	(23,701)	(24,860)
Cash Flows from Noncapital Financing Activities:			
<i>Transfers From (To) Primary Government</i>	(23,309)	23,309	--
Net Cash Provided (Used) by Noncapital Financing Activities	(23,309)	23,309	--
Net Increase (Decrease) in Cash and Cash Equivalents	(24,468)	(392)	(24,860)
Cash and Cash Equivalents at Beginning of Year	24,468	5,418	29,886
Cash and Cash Equivalents at End of Year	\$ --	\$ 5,026	\$ 5,026
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ --	\$ (23,527)	\$ (23,527)
Adjustments to Reconcile Operating Income (Loss) to Net Change in Assets and Liabilities:			
<i>Increase (Decrease) in Accrued Wages Payable</i>	(1,159)	(174)	(1,333)
Total Adjustments	(1,159)	(174)	(1,333)
Net Cash Provided (Used) by Operating Activities	\$ (1,159)	\$ (23,701)	\$ (24,860)

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

AUGUST 31, 2020

Data Control Codes		751 Transportation Fund	770 Culinary Arts Program	798 Contracted Services	Total Internal Service Funds (See Exhibit D-1)
	ASSETS:				
	Current Assets:				
1110	<i>Cash and Cash Equivalents</i>	\$ 17,092	\$ 2,250	\$ --	\$ 19,342
	Total Current Assets	17,092	2,250	--	19,342
1000	Total Assets	17,092	2,250	--	19,342
	LIABILITIES:				
2000	Total Liabilities	--	--	--	--
	NET POSITION:				
3800	<i>Restricted</i>	17,092	2,250	--	19,342
3000	Total Net Position	\$ 17,092	\$ 2,250	\$ --	\$ 19,342

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	751 Transportation Fund	770 Culinary Arts Program	798 Contracted Services	Total Internal Service Funds (See Exhibit D-2)
OPERATING REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 14,560	\$ 2,250	\$ 554,374	\$ 571,184
5020 <i>Total Revenues</i>	<u>14,560</u>	<u>2,250</u>	<u>554,374</u>	<u>571,184</u>
OPERATING EXPENSES:				
6100 <i>Payroll Costs</i>	--	--	554,374	554,374
6200 <i>Professional and Contracted Services</i>	5,212	--	--	5,212
6300 <i>Supplies and Materials</i>	3,452	--	--	3,452
6030 <i>Total Expenses</i>	<u>8,664</u>	<u>--</u>	<u>554,374</u>	<u>563,038</u>
1300 <i>Change in Net Position</i>	5,896	2,250	--	8,146
0100 <i>Total Net Position - Beginning</i>	11,196	--	--	11,196
3300 <i>Total Net Position - Ending</i>	<u>\$ 17,092</u>	<u>\$ 2,250</u>	<u>\$ --</u>	<u>\$ 19,342</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	751	770	798	Total Internal Service Funds (See Exhibit D-3)
	Transportation Fund	Culinary Arts Program	Contracted Services	
Cash Flows from Operating Activities:				
<i>Operating Transactions with Other Funds</i>	\$ 14,560	\$ 2,250	\$ --	\$ 16,810
<i>Receipts from Other Governments</i>	--	--	554,374	554,374
<i>Cash Payments to Employees for Services</i>	(8,664)	--	(554,374)	(563,038)
Net Cash Provided (Used) by Operating Activities	<u>5,896</u>	<u>2,250</u>	<u>--</u>	<u>8,146</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,896	2,250	--	8,146
Cash and Cash Equivalents at Beginning of Year	11,196	--	--	11,196
Cash and Cash Equivalents at End of Year	<u>\$ 17,092</u>	<u>\$ 2,250</u>	<u>\$ --</u>	<u>\$ 19,342</u>
Reconciliation of Operating Income to (Loss) Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 5,896	\$ 2,250	\$ --	\$ 8,146
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,896</u>	<u>\$ 2,250</u>	<u>\$ --</u>	<u>\$ 8,146</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF FIDUCIARY NET POSITION****AGENCY FUNDS****AUGUST 31, 2020**

Data Control Codes	890 Brenham High School Activity	891 Brenham Middle School Activity	892 Brenham Junior High Activity
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 416,836	\$ 37,495	\$ 61,946
1120 <i>Current Investments</i>	--	--	--
1260 <i>Due from Other Funds</i>	27,597	--	--
1000 Total Assets	<u>444,433</u>	<u>37,495</u>	<u>61,946</u>
LIABILITIES:			
Current Liabilities:			
2180 <i>Due to Other Governments</i>	--	--	--
2190 <i>Due to Student Groups</i>	444,433	37,495	61,946
2000 Total Liabilities	<u>444,433</u>	<u>37,495</u>	<u>61,946</u>
NET POSITION:			
3000 Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington County Appraisal District	Total Agency Funds (See Exhibit E-1)
\$ 8,397	\$ 4,642	\$ 296,621	\$ 825,937
--	--	11	11
--	--	--	27,597
<u>8,397</u>	<u>4,642</u>	<u>296,632</u>	<u>853,545</u>
--	--	296,632	296,632
8,397	4,642	--	556,913
<u>8,397</u>	<u>4,642</u>	<u>296,632</u>	<u>853,545</u>
\$ --	\$ --	\$ --	\$ --

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, 2020*

Year Ended August 31	1	2	3
	Tax Rates		Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
2011 and Prior Years	Various	Various	Various
2012	\$ 1.0100	\$.1250	\$ 2,045,000,969
2013	\$ 1.0200	\$.1150	\$ 2,096,344,914
2014	\$ 1.0200	\$.1150	\$ 2,180,778,326
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	\$ 1.0400	\$.0850	\$ 2,775,699,200
2020 (School Year Under Audit)	\$ 0.9700	\$.0800	\$ 3,004,589,052

1000 Totals

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

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 225,365	\$ --	\$ 5,983	\$ 830	\$ (1,169)	\$ 217,383
49,010	--	2,337	289	(35)	46,349
59,158	--	(1,478)	(167)	(6,839)	53,964
90,887	--	5,908	666	(41)	84,272
116,358	--	5,960	587	(6,845)	102,966
151,622	--	28,861	2,841	607	120,527
238,791	--	65,757	6,007	412	167,439
361,713	--	94,301	7,707	299	260,004
647,880	--	224,469	18,279	(29,337)	375,795
--	31,548,185	28,638,724	2,360,396	16,638	565,703
<u>\$ 1,940,784</u>	<u>\$ 31,548,185</u>	<u>\$ 29,070,822</u>	<u>\$ 2,397,435</u>	<u>\$ (26,310)</u>	<u>\$ 1,994,402</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BRENHAM INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 650,069	\$ 652,069	\$ 508,505	\$ (143,564)
5800	State Program Revenues	13,000	13,000	12,347	(653)
5900	Federal Program Revenues	1,811,460	1,811,460	1,422,058	(389,402)
5020	Total Revenues	2,474,529	2,476,529	1,942,910	(533,619)
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	2,478,801	2,479,801	2,070,038	409,763
	Total Support Services - Student (Pupil)	2,478,801	2,479,801	2,070,038	409,763
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,100	4,100	3,592	508
	Total Support Services - Nonstudent Based	4,100	4,100	3,592	508
6030	Total Expenditures	2,482,901	2,483,901	2,073,630	410,271
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(8,372)	(7,372)	(130,720)	(123,348)
Other Financing Sources (Uses):					
7915	Transfers In	--	--	38,624	38,624
7080	Total Other Financing Sources and (Uses)	--	--	38,624	38,624
1200	Net Change in Fund Balance	(8,372)	(7,372)	(92,096)	(84,724)
0100	Fund Balance - Beginning	232,485	232,485	232,485	--
3000	Fund Balance - Ending	\$ 224,113	\$ 225,113	\$ 140,389	\$ (84,724)

BRENHAM INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3****DEBT SERVICE FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 2,383,514	\$ 2,383,514	\$ 2,443,831	\$ 60,317
5800	State Program Revenues	--	60,000	57,949	(2,051)
5020	Total Revenues	<u>2,383,514</u>	<u>2,443,514</u>	<u>2,501,780</u>	<u>58,266</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,293,736	1,293,736	1,293,736	--
0072	Interest on Long-Term Debt	1,084,778	1,084,778	1,084,778	--
0073	Bond Issuance Costs and Fees	5,000	5,000	--	5,000
	Total Debt Service	<u>2,383,514</u>	<u>2,383,514</u>	<u>2,378,514</u>	<u>5,000</u>
6030	Total Expenditures	<u>2,383,514</u>	<u>2,383,514</u>	<u>2,378,514</u>	<u>5,000</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	60,000	123,266	63,266
1200	Net Change in Fund Balance	--	60,000	123,266	63,266
0100	Fund Balance - Beginning	712,579	712,579	712,579	--
3000	Fund Balance - Ending	<u>\$ 712,579</u>	<u>\$ 772,579</u>	<u>\$ 835,845</u>	<u>\$ 63,266</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 13, 2021

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, 2020, 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 13, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
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 13, 2021

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, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

The logo for Belt Harris Pechacek, LLP features the company name in a stylized, cursive script font. The letters 'B', 'H', and 'P' are significantly larger and more ornate than the other letters, which are in a smaller, simpler script. The text 'BELT HARRIS PECHACEK, LLP' is written in a smaller, all-caps, sans-serif font directly beneath the script.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

BRENHAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

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>
84.010	Title I, Part A
84.425D	Education Stabilization Fund (ESSER)

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, 2020

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

BRENHAM INDEPENDENT SCHOOL DISTRICT**EXHIBIT K-1****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
<i>School Breakfast Program</i>	10.553	806780706	\$ 226,321
<i>COVID-19 School Breakfast Program</i>	10.553	806780706	78,685
Total CFDA Number 10.553			<u>305,006</u>
<i>National School Lunch Program</i>	10.555	806780706	778,590
<i>COVID-19 National School Lunch Program</i>	10.555	806780706	159,823
Total CFDA Number 10.555			<u>938,413</u>
<i>Summer Feeding Program</i>	10.559	01118	172,851
Total Passed Through State Department of Education			<u>1,416,270</u>
Total U. S. Department of Agriculture			<u>1,416,270</u>
Total Child Nutrition Cluster			<u>1,416,270</u>
FOOD DISTRIBUTION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
<i>Commodity Supplemental Food Program</i>	10.565	806780706	178,639
Total U. S. Department of Agriculture			<u>178,639</u>
Total Food Distribution Cluster			<u>178,639</u>
MEDICAID CLUSTER:			
<u>U. S. Department of Health and Human Services</u>			
Passed Through State Department of Education:			
<i>Medicaid Administrative Claiming Program - MAC</i>	93.778	239-901	22,720
Total Passed Through State Department of Education			<u>22,720</u>
Total U. S. Department of Health and Human Services			<u>22,720</u>
Total Medicaid Cluster			<u>22,720</u>
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>IDEA B - Formula</i>	84.027	206600012399016600	916,318
<i>IDEA-Part B, Discretionary</i>	84.027	206600122399016677	308,924
Total CFDA Number 84.027			<u>1,225,242</u>
<i>IDEA - B Preschool</i>	84.173	206610012399016610	19,577
Total Passed Through State Department of Education			<u>1,244,819</u>
Total U. S. Department of Education			<u>1,244,819</u>
Total Special Education (IDEA) Cluster			<u>1,244,819</u>

BRENHAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>Title IV, Part A, Subpart 1</i>	84.424	20680101239901	\$ 63,072
<i>Title I, Part A Improving Basic Programs</i>	84.010	19610101239901	795,652
<i>Title I, Part A Improving Basic Programs</i>	84.010	20610101239901	114,550
Total CFDA Number 84.010			<u>910,202</u>
<i>Carl D.Perkins Basic Formula Grant</i>	84.048	20420006239901	58,616
<i>Title V, B, SP 2, Rural and Low-Income School</i>	84.358	19696001239901	24,344
<i>Title III, Part A-ELA</i>	84.365	20671001239901	43,266
<i>Title II, Part A Supporting Effective Instruction</i>	84.367	20694501239901	130,045
<i>Summer School LEP</i>	84.369	69551802	2,671
<i>Restart Hurricane Recovery</i>	84.938	18511701239901	32,124
<i>COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)</i>	84.425D	20521001239901	341,651
Total Passed Through State Department of Education			<u>1,542,919</u>
Total U. S. Department of Education			<u>1,605,991</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
<i>Hurricane Harvey Public Assistance</i>	97.036	239-901	8,798
Total Passed Through Texas Department of Public Safety			<u>8,798</u>
Total U.S. Department of Homeland Security			<u>8,798</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
<i>ROTC</i>	12.000	239-901	65,945
Total U.S. Department of Defense			<u>65,945</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,543,182</u>
	Federal Revenues per SEFA		\$ 4,543,182
	General Fund SHARS		410,688
	General Fund ERATE		41,440
	Total Revenue per Exhibit C-2		<u>\$ 4,995,310</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, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity 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.

Donated Personal Protective Equipment (unaudited)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District estimates the value of donated PPE to be \$82,361 during the reporting year.

BRENHAM INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2020*

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the District was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the District is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the District issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the District is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal, funds?	No
SF7	Did the District post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a Board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end	\$ 7,826,692