

**BRENHAM  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

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Brenham Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2022

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## Introductory Section

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CERTIFICATE OF BOARD

Brenham Independent School District  
Name of School District

Washington  
County

239-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 12 day of December, 2022.

Lusan Jenkins  
Signature of Board Secretary

[Signature]  
Signature of Board President

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

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## Financial Section

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Brenham Independent School District:

### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2022, 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.

### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and other postemployment 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 is the responsibility of management and, 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.

## Supplementary 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 accompanying combining statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required responses to selected school first indicators, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 2, 2022

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## Management's Discussion and Analysis

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# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2022

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, 2022. It should be read in conjunction with the District's financial statements.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2022 was a deficit of \$4,009,912.
- For the year, the District's general fund reported a total fund balance of \$13,593,380, of which \$25,236 is nonspendable for inventories, \$1,400,000 is committed for construction, and \$12,166,144 is unassigned.
- 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 fund) reported a combined ending fund balance of \$17,464,690.

### 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 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 and the Washington County Appraisal District 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 nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

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

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2022

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 operations 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 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 the 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 fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was a deficit of \$4,009,912 at August 31, 2022. 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, 2022. Current assets decreased due to a decrease in cash as a result of operations. Capital assets decreased primarily due to current year depreciation expense. Deferred outflows of resources decreased for the pension plan due to changes in actuarial assumptions and increased 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 in deferred revenue. 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 expected and actual economic experience, and differences between the employers' contributions and the proportionate share of contributions.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2022

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

Description	Governmental Activities		Business-Type Activities		Total Change
	2022	2021	2022	2021	2022-2021
Current assets	\$ 21,621,918	\$ 24,757,902	\$ 10,212	\$ 5,027	\$ (3,130,799)
Capital assets	54,535,727	56,819,385	-	-	(2,283,658)
<b>Total Assets</b>	<b>76,157,645</b>	<b>81,577,287</b>	<b>10,212</b>	<b>5,027</b>	<b>(5,414,457)</b>
Deferred charges on refunding	3,648	12,900	-	-	(9,252)
Deferred outflows related to pensions	4,053,070	5,506,072	-	-	(1,453,002)
Deferred outflows related to OPEB	3,533,322	3,172,916	-	-	360,406
<b>Total Deferred Outflows of Resources</b>	<b>7,590,040</b>	<b>8,691,888</b>	<b>-</b>	<b>-</b>	<b>(1,101,848)</b>
Current liabilities	2,885,004	4,572,015	1,384	3,327	(1,688,954)
Long-term liabilities	67,026,653	76,744,792	8,828	-	(9,709,311)
<b>Total Liabilities</b>	<b>69,911,657</b>	<b>81,316,807</b>	<b>10,212</b>	<b>3,327</b>	<b>(11,398,265)</b>
Deferred charges on refunding	160,863	141,104	-	-	19,759
Deferred inflows related to pensions	7,278,414	2,714,689	-	-	4,563,725
Deferred inflows related to OPEB	10,406,663	10,538,320	-	-	(131,657)
<b>Total Deferred Inflows of Resources</b>	<b>17,845,940</b>	<b>13,394,113</b>	<b>-</b>	<b>-</b>	<b>4,451,827</b>
<b>Net Position:</b>					
Net invested in capital assets	7,045,263	6,504,505	-	-	540,758
Restricted	3,786,281	3,192,119	-	1,700	592,462
Unrestricted	(14,841,456)	(14,138,369)	-	-	(703,087)
<b>Total Net Position</b>	<b>\$ (4,009,912)</b>	<b>\$ (4,441,745)</b>	<b>\$ -</b>	<b>\$ 1,700</b>	<b>\$ 430,133</b>

Within Table 2, the District reported an increase of \$430,133 in net position from the prior year. Revenues for the District increased in operating grants and contributions and in property tax revenues due to an increase in appraised values for the District. Expenses decreased significantly for the District in school leadership; guidance, counseling, and evaluation services; interest on long-term debt; and bond issuance costs due to a decrease in expenses for employee trainings and services, and there were no debt issuances in the current fiscal year.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

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

	Governmental		Total Change 2022-2021	Business-Type	
	Activities			Activities	
	2022	2021		2022	2021
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 796,535	\$ 793,905	\$ 2,630	\$ 34,743	\$ 29,091
Operating grants and contributions	13,622,459	12,717,798	904,661	-	-
General revenues:					
Property taxes	34,380,094	33,383,491	996,603	-	-
Grants and contributions not restricted for specific programs	12,166,439	12,747,389	(580,950)	-	-
Investment earnings	203,072	152,169	50,903	-	-
Other revenue	562,083	858,765	(296,682)	-	-
Transfers	(35,352)	(24,039)	(11,313)	35,352	24,039
<b>Total Revenue</b>	<b>61,695,330</b>	<b>60,629,478</b>	<b>1,065,852</b>	<b>70,095</b>	<b>53,130</b>
<b>Expenses</b>					
Instruction	34,836,116	33,670,544	1,165,572	-	-
Instructional resources and media services	606,358	663,505	(57,147)	-	-
Curriculum and staff development	838,504	770,011	68,493	-	-
Instructional leadership	982,027	683,363	298,664	-	-
School leadership	2,716,200	2,937,779	(221,579)	-	-
Guidance, counseling, and evaluation services	2,037,055	2,323,882	(286,827)	-	-
Social work services	102,314	21,588	80,726	-	-
Health services	984,145	740,703	243,442	-	-
Student (pupil) transportation	2,796,169	2,581,873	214,296	-	-
Food services	2,742,453	2,471,867	270,586	-	-
Extracurricular activities	2,054,888	1,940,777	114,111	-	-
General administration	2,524,609	2,461,458	63,151	-	-
Plant maintenance and operations	5,736,405	5,235,250	501,155	-	-
Security and monitoring services	775,347	509,686	265,661	-	-
Data processing services	1,085,617	945,026	140,591	-	-
Community services	82,238	180,127	(97,889)	70,095	54,830
Interest on long-term debt	357,170	9,496,970	(9,139,800)	-	-
Bond issuance costs and fees	5,882	626,977	(621,095)	-	-
<b>Total Expenses</b>	<b>61,263,497</b>	<b>68,261,386</b>	<b>(6,997,889)</b>	<b>70,095</b>	<b>54,830</b>
<b>Change in Net Position</b>	<b>431,833</b>	<b>(7,631,908)</b>	<b>8,063,741</b>	<b>-</b>	<b>(1,700)</b>
Beginning net position	(4,441,745)	3,190,163	(7,631,908)	-	1,700
<b>Ending Net Position</b>	<b>\$ (4,009,912)</b>	<b>\$ (4,441,745)</b>	<b>\$ 431,833</b>	<b>\$ -</b>	<b>\$ -</b>

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

At the close of the fiscal year end August 31, 2022, the District's governmental funds reported a combined fund balance of \$17,464,690. This compares to a combined fund balance of \$18,773,600 at August 31, 2021. The fund balance in the general fund decreased primarily due to an increase in salaries, student transportation costs, and facilities maintenance and operations costs. The total combined revenue was \$63,424,801 this year compared to \$59,944,249 last year. The District's combined governmental funds revenue increased by \$3,480,552 due to an increase in property tax revenue as a result of increased appraised values and an increase in federal revenue due to several ESSER grants. The District's combined governmental funds expenditures increased by \$6,085,450 due to increases in instruction; instructional leadership; guidance, counseling, and evaluation services; social work services; health services; student transportation; food service; cocurricular/extracurricular activities; general administration; facilities maintenance and operations, and long-term debt. Total expenditures were \$64,698,359 this year compared to \$58,612,909 last year.

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2022**

### **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, 2022, 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 \$87,930 due to greater than anticipated revenue in property tax revenue and state foundation revenue. The actual expenditures exceeded budgeted expenditures by \$137,133 due to spending more in instruction, cocurricular/extracurricular activities, and data processing 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 \$54,535,727 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, vehicles, and District equipment. This total includes \$465,230 invested in land, buildings and improvements, equipment, and vehicles during the fiscal year ended August 31, 2022.

Major capital asset events during the year included the following:

- Purchase of several trucks for \$93,925
- Purchase of CNC Table for CTE for \$34,000
- Purchase of playground equipment at Brenham Elementary for \$27,094
- Construction of playground fencing for 439,400
- Purchase of fire alarms for Brenham High School and ROTC for \$35,136
- Purchase of AC units at various campuses for \$86,100
- Roof repair at junior high gym for \$22,518

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 \$31,113,264 in general obligation bonds, notes, a capital lease, and a loan outstanding versus \$32,157,160 last year.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's budgeted general fund expenditures for the 2022-2023 school year total \$50,384,031 and the District's Board adopted a Maintenance and Operations tax rate of \$0.8546 and an Interest and Sinking tax rate of \$0.0800 for a combined rate of \$0.9346 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

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF NET POSITION  
 AUGUST 31, 2022

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 4,259,597	\$ 10,212	\$ 4,269,809
1120	15,067,465	--	15,067,465
1220	1,774,664	--	1,774,664
1230	(413,459)	--	(413,459)
1240	782,213	--	782,213
1290	39,167	--	39,167
1300	112,265	--	112,265
1490	6	--	6
Capital Assets:			
1510	2,896,987	--	2,896,987
1520	49,979,754	--	49,979,754
1530	1,075,191	--	1,075,191
1530	583,795	--	583,795
1000	<u>76,157,645</u>	<u>10,212</u>	<u>76,167,857</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
1701	3,648	--	3,648
1705	4,053,070	--	4,053,070
1706	3,533,322	--	3,533,322
1700	<u>7,590,040</u>	<u>--</u>	<u>7,590,040</u>
<b>LIABILITIES:</b>			
2110	440,717	1,384	442,101
2140	151,932	--	151,932
2165	2,105,883	8,828	2,114,711
2300	186,472	--	186,472
Noncurrent Liabilities:			
2501	645,464	--	645,464
2502	46,687,785	--	46,687,785
2540	6,007,251	--	6,007,251
2545	13,686,153	--	13,686,153
2000	<u>69,911,657</u>	<u>10,212</u>	<u>69,921,869</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2601	160,863	--	160,863
2605	7,278,414	--	7,278,414
2606	10,406,663	--	10,406,663
2600	<u>17,845,940</u>	<u>--</u>	<u>17,845,940</u>
<b>NET POSITION:</b>			
3200	7,045,263	--	7,045,263
Restricted For:			
3820	1,298,215	--	1,298,215
3850	1,355,885	--	1,355,885
3860	468,166	--	468,166
3890	664,015	--	664,015
3900	(14,841,456)	--	(14,841,456)
3000	<u>\$ (4,009,912)</u>	<u>\$ --</u>	<u>\$ (4,009,912)</u>

The accompanying notes are an integral part of this statement.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1  Expenses	3  Charges for Services	4  Program Revenues	
					Operating Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 34,836,116	\$ 95,550	\$ 7,321,235	
12	Instructional Resources and Media Services	606,358	21,482	42,120	
13	Curriculum and Staff Development	838,504	--	521,550	
21	Instructional Leadership	982,027	--	162,011	
23	School Leadership	2,716,200	23,124	206,773	
31	Guidance, Counseling, and Evaluation Services	2,037,055	--	813,338	
32	Social Work Services	102,314	--	99,100	
33	Health Services	984,145	--	401,280	
34	Student Transportation	2,796,169	--	96,086	
35	Food Service	2,742,453	127,483	3,126,531	
36	Cocurricular/Extracurricular Activities	2,054,888	485,475	45,287	
41	General Administration	2,524,609	--	121,982	
51	Facilities Maintenance and Operations	5,736,405	--	290,920	
52	Security and Monitoring Services	775,347	--	146,746	
53	Data Processing Services	1,085,617	--	119,567	
61	Community Services	82,238	43,421	69,093	
72	Interest on Long-term Debt	357,170	--	38,840	
73	Bond Issuance Costs and Fees	5,882	--	--	
TG	Total Governmental Activities	<u>61,263,497</u>	<u>796,535</u>	<u>13,622,459</u>	
	Business-type Activities:				
01	Child Development Center	70,095	34,743	--	
TB	Total Business-type Activities	<u>70,095</u>	<u>34,743</u>	<u>--</u>	
TP	Total Primary Government	<u>\$ 61,333,592</u>	<u>\$ 831,278</u>	<u>\$ 13,622,459</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				
FR	Transfers				
TR	Total General Revenues and Transfers				
CN	Change in Net Position				
NB	Net Position - Beginning				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (27,419,331)	\$ --	\$ (27,419,331)
(542,756)	--	(542,756)
(316,954)	--	(316,954)
(820,016)	--	(820,016)
(2,486,303)	--	(2,486,303)
(1,223,717)	--	(1,223,717)
(3,214)	--	(3,214)
(582,865)	--	(582,865)
(2,700,083)	--	(2,700,083)
511,561	--	511,561
(1,524,126)	--	(1,524,126)
(2,402,627)	--	(2,402,627)
(5,445,485)	--	(5,445,485)
(628,601)	--	(628,601)
(966,050)	--	(966,050)
30,276	--	30,276
(318,330)	--	(318,330)
(5,882)	--	(5,882)
<u>(46,844,503)</u>	<u>--</u>	<u>(46,844,503)</u>
--	(35,352)	(35,352)
--	(35,352)	(35,352)
<u>(46,844,503)</u>	<u>(35,352)</u>	<u>(46,879,855)</u>
31,603,254	--	31,603,254
2,776,840	--	2,776,840
203,072	--	203,072
12,166,439	--	12,166,439
562,083	--	562,083
(35,352)	35,352	--
<u>47,276,336</u>	<u>35,352</u>	<u>47,311,688</u>
431,833	--	431,833
(4,441,745)	--	(4,441,745)
<u>\$ (4,009,912)</u>	<u>\$ --</u>	<u>\$ (4,009,912)</u>

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 2,024,030	\$ 2,167,698	\$ 4,191,728
1120	Current Investments	13,440,673	1,626,792	15,067,465
1220	Property Taxes Receivable	1,629,823	144,841	1,774,664
1230	Allowance for Uncollectible Taxes	(371,600)	(41,859)	(413,459)
1240	Due from Other Governments	6,952	775,261	782,213
1260	Due from Other Funds	1,264,397	--	1,264,397
1290	Other Receivables	--	39,167	39,167
1300	Inventories	27,236	85,029	112,265
1490	Other Current Assets	--	6	6
1000	Total Assets	<u>\$ 18,021,511</u>	<u>\$ 4,796,935</u>	<u>\$ 22,818,446</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 401,583	\$ 34,216	\$ 435,799
2160	Accrued Wages Payable	2,027,622	78,261	2,105,883
2170	Due to Other Funds	626,194	638,203	1,264,397
2300	Unearned Revenue	114,509	71,963	186,472
2000	Total Liabilities	<u>3,169,908</u>	<u>822,643</u>	<u>3,992,551</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2600	Unavailable Revenue for Property Taxes	1,258,223	102,982	1,361,205
2600	Total Deferred Inflows of Resources	<u>1,258,223</u>	<u>102,982</u>	<u>1,361,205</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	27,236	85,029	112,265
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	1,298,215	1,298,215
3470	Capital Acquisitions and Contractual Obligations	--	468,166	468,166
3480	Retirement of Long-Term Debt	--	1,355,885	1,355,885
3490	Other Restrictions of Fund Balance	--	664,015	664,015
Committed Fund Balances:				
3545	Other Committed Fund Balance	1,400,000	--	1,400,000
3600	Unassigned	12,166,144	--	12,166,144
3000	Total Fund Balances	<u>13,593,380</u>	<u>3,871,310</u>	<u>17,464,690</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,021,511</u>	<u>\$ 4,796,935</u>	<u>\$ 22,818,446</u>

The accompanying notes are an integral part of this statement.

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2022

Total fund balances - governmental funds balance sheet	\$ 17,464,690
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.	54,535,727
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,361,205
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	62,951
Payables for bond principal which are not due in the current period are not reported in the funds.	(29,906,161)
Payables for loan principal which are not due in the current period are not reported in the funds.	(1,207,103)
Payables for bond interest which are not due in the current period are not reported in the funds.	(151,931)
Deferred charges on refunding are not reported in the funds.	(157,215)
Bond premiums are amortized in the SNP but not in the funds.	(8,641,721)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(7,578,264)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(6,007,251)
Deferred outflows of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds.	4,053,070
Deferred outflows of resources related to the pension plan are not reported in the funds.	(7,278,414)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(13,686,153)
Deferred outflows of resources related to the OPEB plan are not reported in the funds.	3,533,322
Deferred inflows of resources related to the OPEB plan are not reported in the funds.	(10,406,663)
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ (4,009,912)</u>

The accompanying notes are an integral part of this statement.

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 32,349,551	\$ 3,704,557	\$ 36,054,108
5800 State Program Revenues	14,619,275	240,283	14,859,558
5900 Federal Program Revenues	1,141,116	11,370,019	12,511,135
5020 Total Revenues	<u>48,109,942</u>	<u>15,314,859</u>	<u>63,424,801</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	29,093,317	6,071,397	35,164,714
0012 Instructional Resources and Media Services	501,820	50,488	552,308
0013 Curriculum and Staff Development	333,813	504,002	837,815
0021 Instructional Leadership	877,234	129,400	1,006,634
0023 School Leadership	2,745,511	147,087	2,892,598
0031 Guidance, Counseling, and Evaluation Services	1,455,688	742,437	2,198,125
0032 Social Work Services	9,029	96,761	105,790
0033 Health Services	662,781	371,430	1,034,211
0034 Student Transportation	2,515,354	25,791	2,541,145
0035 Food Service	65,971	2,614,131	2,680,102
0036 Cocurricular/Extracurricular Activities	1,550,344	371,756	1,922,100
0041 General Administration	2,650,738	--	2,650,738
0051 Facilities Maintenance and Operations	5,738,296	91,059	5,829,355
0052 Security and Monitoring Services	699,400	158,393	857,793
0053 Data Processing Services	960,001	81,892	1,041,893
0061 Community Services	29,593	65,146	94,739
0071 Principal on Long-term Debt	147,796	896,100	1,043,896
0072 Interest on Long-term Debt	26,005	2,115,555	2,141,560
0073 Bond Issuance Costs and Fees	--	5,883	5,883
0081 Capital Outlay	--	96,960	96,960
6030 Total Expenditures	<u>50,062,691</u>	<u>14,635,668</u>	<u>64,698,359</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(1,952,749)</u>	<u>679,191</u>	<u>(1,273,558)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	3,035,000	--	3,035,000
8911 Transfers Out	(3,070,352)	--	(3,070,352)
7080 Total Other Financing Sources and (Uses)	<u>(35,352)</u>	<u>--</u>	<u>(35,352)</u>
1200 Net Change in Fund Balances	<u>(1,988,101)</u>	<u>679,191</u>	<u>(1,308,910)</u>
0100 Fund Balances - Beginning	15,581,481	3,192,119	18,773,600
3000 Fund Balances - Ending	<u>\$ 13,593,380</u>	<u>\$ 3,871,310</u>	<u>\$ 17,464,690</u>

The accompanying notes are an integral part of this statement.

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**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, 2022

Net change in fund balances - total governmental funds	\$ (1,308,910)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	465,230
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,748,888)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(162,323)
Reversal of fiscal year on-behalf revenues are reported in the funds but not in the SOA.	(2,305,527)
Reversal of fiscal year on-behalf expenditures are reported in the funds but not in the SOA.	2,305,527
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	896,100
Repayment of note payable principal is an expenditure in the funds but is not an expense in the SOA.	147,796
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	425,027
The accretion of interest on capital appreciation bonds is not reported in the funds.	1,355,493
(Increase) decrease in accrued interest from beginning of period to end of period.	3,871
The net revenue (expense) of internal service funds is reported with governmental activities.	18,389
GASB 68 on-behalf revenues are reported with governmental activities.	46,978
The District's share of the net pension expense is reported with governmental activities.	615,888
GASB 75 on-behalf revenues are reported with governmental activities.	676,753
The District's share of the net OPEB expense is reported with governmental activities.	429
Change in net position of governmental activities - Statement of Activities	<u>\$ 431,833</u>

The accompanying notes are an integral part of this statement.

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AUGUST 31, 2022

Data Control Codes	Nonmajor Enterprise Fund <u>Child Development Center</u>	Internal Service Funds <u>                    </u>
<b>ASSETS:</b>		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 67,869
	Total Current Assets	<u>67,869</u>
1000	Total Assets	<u>67,869</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	Accounts Payable	4,918
2160	Accrued Wages Payable	--
	Total Current Liabilities	<u>4,918</u>
2000	Total Liabilities	<u>4,918</u>
<b>NET POSITION:</b>		
3800	Restricted	62,951
3000	Total Net Position	<u>\$ 62,951</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, 2022

Data Control Codes	Nonmajor Enterprise Fund <u>Child Development Center</u>	Internal Service Funds <u>                    </u>
<b>OPERATING REVENUES:</b>		
5700 Local and Intermediate Sources	\$ 34,743	\$ 683,866
5020 Total Revenues	<u>34,743</u>	<u>683,866</u>
<b>OPERATING EXPENSES:</b>		
6100 Payroll Costs	61,675	605,384
6200 Professional and Contracted Services	--	3,946
6300 Supplies and Materials	8,243	56,146
6400 Other Operating Costs	177	--
6030 Total Expenses	<u>70,095</u>	<u>665,476</u>
Income (Loss) before Transfers	(35,352)	18,390
7915 Transfers In	<u>35,352</u>	<u>--</u>
1300 Change in Net Position	--	18,390
0100 Total Net Position - Beginning	--	44,561
3300 Total Net Position - Ending	<u>\$ --</u>	<u>\$ 62,951</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, 2022

	Nonmajor Enterprise Funds	Internal Service Funds
	<u>          </u>	<u>          </u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 34,744	\$ --
Operating Transactions with Other Funds	--	78,482
Receipts from Other Governments	--	605,384
Cash Payments to Employees for Services	<u>(62,670)</u>	<u>(660,558)</u>
Net Cash Provided (Used) by Operating Activities	<u>(27,926)</u>	<u>23,308</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers From (To) Primary Government	<u>35,352</u>	<u>--</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>35,352</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,426	23,308
Cash and Cash Equivalents at Beginning of Year	2,786	44,561
Cash and Cash Equivalents at End of Year	<u>\$ 10,212</u>	<u>\$ 67,869</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash   Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (35,352)	\$ 18,390
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities:		
Increase (Decrease) in Accrued Wages Payable	6,042	--
Increase (Decrease) in Accounts Payable	1,384	4,918
Increase (Decrease) in Due From Other Funds	--	--
Total Adjustments	<u>7,426</u>	<u>4,918</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (27,926)</u>	<u>\$ 23,308</u>

The accompanying notes are an integral part of this statement.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2022

Data Control Codes	Private- Purpose Trust Funds	Custodial Funds
<u>ASSETS:</u>	<u>Scholarships</u>	<u>Custodial Funds</u>
1110 Cash and Cash Equivalents	\$ 26,378	\$ 648,395
1120 Current Investments	7,503	11
1000 Total Assets	<u>33,881</u>	<u>648,406</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	--	759
2000 Total Liabilities	<u>--</u>	<u>759</u>
 <b>NET POSITION:</b>		
3800 Held in Trust	33,881	--
3800 Restricted for Other Purposes	--	647,647
3000 Total Net Position	<u>\$ 33,881</u>	<u>\$ 647,647</u>

The accompanying notes are an integral part of this statement.



**BRENHAM INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Private- Purpose Trust Fund	Custodial Funds
	Scholarship Fund	Custodial Funds
<b>Additions:</b>		
Employer Contributions	\$ 33,544	\$ --
Fees and Dues	--	22,935
Fundraising	--	747,848
Interest	--	4,940
Investment Income	337	--
Taxing Jurisdiction Assessments	--	374,492
Total Additions	<u>33,881</u>	<u>1,150,215</u>
<b>Deductions:</b>		
Fees and Dues	--	10,681
Fundraising Expenses	--	695,681
Contracted Services	--	206,643
Rent and Utilities	--	30,910
Scholarship Awards	--	--
Supplies	--	61,825
Miscellaneous	--	80,163
Total Deductions	<u>--</u>	<u>1,085,903</u>
<b>Change in Net Position</b>	33,881	64,313
Net Position-Beginning of the Year	--	583,334
Net Position-End of the Year	<u>\$ 33,881</u>	<u>\$ 647,647</u>

The accompanying notes are an integral part of this statement.

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# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

### 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 and internal service funds, while business-type activities incorporates data from the District's enterprise fund. 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, 2022*

## **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 Fund**

The capital projects fund is 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 Fund**

The enterprise fund is 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. This fund is 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 a custodial 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 fund:

### **Custodial Funds**

The custodial funds report resources, not in a trust, that are held by the District for other parties outside of the District. The custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity and Washington County Appraisal funds.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2022

## 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 trust 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, 2022

## 2. Investments

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

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

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

## 3. Inventories and Prepaid Items

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

## 4. Restricted Assets

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

## 5. Capital Assets

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

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

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

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

## 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.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued* FOR THE YEAR ENDED AUGUST 31, 2022

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.

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).

# **BRENHAM INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO FINANCIAL STATEMENTS, Continued* *FOR THE YEAR ENDED AUGUST 31, 2022*

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 ensure accuracy in building a statewide database for policy development and funding plans.

### **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.



# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2022

## 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 generally accepted accounting principles. 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 fund 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		
Instruction	\$	165,751
Food Services	\$	1,003
Cocurricular/Extracurricular Activities	\$	11,992
Data Processing Services	\$	47,550
Community Services	\$	42

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2022

## 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, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$17,469,083 and the bank balance was \$18,148,120.

#### 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 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, 2022, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Rating</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	\$ 746,055	AAAm*	0.08
Texas CLASS	735,139	AAAm*	0.07
Lone Star	1,069,285	AAA*	0.09
Certificates of deposit	3,166,244	-	0.02
	<u>\$ 5,716,723</u>		

Portfolio weighted average maturity 0.52

\*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, 2022, the District's investments in investment pools were rated 'AAAm' or AAA, respectively, by Standard and Poor's.

*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, 2022, fair market values of pledged securities and FDIC coverage exceeded bank balances.

## **BRENHAM INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO FINANCIAL STATEMENTS, Continued* *FOR THE YEAR ENDED AUGUST 31, 2022*

*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](http://www.texasclass.com).

#### **Lone Star**

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Associate of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both 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, 2022

## 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	\$ 2,896,987	\$ -	\$ -	\$ 2,896,987
Total capital assets not being depreciated	<u>2,896,987</u>	<u>-</u>	<u>-</u>	<u>2,896,987</u>
Other capital assets:				
Buildings and improvements	103,486,696	148,018	-	103,634,714
Equipment	3,180,631	173,287	-	3,353,918
Vehicles	4,789,771	143,925	-	4,933,696
Total other capital assets	<u>111,457,098</u>	<u>465,230</u>	<u>-</u>	<u>111,922,328</u>
Less accumulated depreciation for:				
Buildings and improvements	(51,175,401)	(2,479,559)	-	(53,654,960)
Equipment	(2,127,003)	(151,724)	-	(2,278,727)
Vehicles	(4,232,296)	(117,605)	-	(4,349,901)
Total accumulated depreciation	<u>(57,534,700)</u>	<u>(2,748,888)</u>	<u>-</u>	<u>(60,283,588)</u>
Other capital assets, net	<u>53,922,398</u>	<u>(2,283,658)</u>	<u>-</u>	<u>51,638,740</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 56,819,385</u>	<u>\$ (2,283,658)</u>	<u>\$ -</u>	<u>\$ 54,535,727</u>

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 1,734,433
12 Instructional resources/media services	82,378
13 Curriculum and staff development	18,406
21 Instructional leadership	29,443
23 School leadership	18,406
34 Student (pupil) transportation	301,255
35 Food service	145,285
36 Extracurricular activities	195,806
41 General administration	30,146
51 Plant maintenance and operations	117,079
53 Data processing services	76,251
<b>Total Depreciation Expense</b>	<u>\$ 2,748,888</u>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2022

## C. Long-Term Debt

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

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
QSCB MTN, Series 2010	\$ 900,000	\$ -	\$ (300,000)	\$ 600,000	\$ 300,000
Refunding, Series 2012	605,000	-	(400,000)	205,000	-
Refunding, Series 2020	25,747,261	-	(36,100)	25,711,161	34,690
Direct Borrowings/Placements:					
QZAB MTN, Series 2016	3,550,000	-	(160,000)	3,390,000	160,000
SECO Loan	1,354,899	-	(147,796)	1,207,103	150,774
	<u>32,157,160</u>	<u>-</u>	<u>(1,043,896)</u>	<u>31,113,264</u>	<u>645,464</u>
Other liabilities:					
Issuance premiums/discount	9,095,759	-	(454,038)	8,641,721	*
Accreted interest	8,933,757	-	(1,355,493)	7,578,264	*
Net pension liability	12,686,844	-	(6,679,593)	6,007,251	-
Net OPEB liability	13,871,272	-	(185,119)	13,686,153	-
<b>Total Governmental Activities</b>	<u>\$ 76,744,792</u>	<u>\$ -</u>	<u>\$ (9,718,139)</u>	<u>\$ 67,026,653</u>	<u>\$ 645,464</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 66,381,189</u>	
<b>*Debt associated with capital assets</b>				<u>\$ 47,333,249</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 and loans were issued as school building bonds, refunding bonds, qualified school construction bonds (QSCB), qualified zone academy bonds (QZAB), and a loan. Interest rates on the bonds are 1.00% for Series 2010, 2.750% to 3.125% for Series 2012, 4.19% for Series 2016, and 1.78% to 4.00% for Series 2020. The interest rate on the loan is 2.00%. Interest expense was \$2,141,561 for the year ended August 31, 2022.

### Direct Borrowings/Placements

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/registrar between the tax credits and the principal component of the Notes.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2022

SECO Loan

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:

Fiscal Year Ended August 31	Bonds Payable		
	Principal	Interest	Total Requirements
2023	\$ 34,690	\$ 2,058,966	\$ 2,093,656
2024	34,171	2,059,484	2,093,655
2025	33,930	2,069,726	2,103,656
2026	32,947	2,060,708	2,093,655
2027	223,945	1,476,892	1,700,837
2028-2032	6,241,478	4,251,312	10,492,790
2033-2037	8,665,000	1,895,280	10,560,280
2038-2042	9,370,000	794,504	10,164,504
2043-2047	1,280,000	17,280	1,297,280
<b>Totals</b>	<b>\$ 25,916,161</b>	<b>\$ 16,684,152</b>	<b>\$ 42,600,313</b>

Fiscal Year Ended August 31	Notes Payable - QSCB MTN, Series 2010		
	Principal	Interest	Total Requirements
2023	\$ 300,000	\$ 4,500	\$ 304,500
2024	300,000	1,500	301,500
	<b>\$ 600,000</b>	<b>\$ 6,000</b>	<b>\$ 606,000</b>

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

Fiscal Year Ended August 31	Direct Borrowings / Direct Placements - QZAB Series 2016		
	Principal	Interest	Total Requirements
2023	\$ 160,000	\$ 4,500	\$ 164,500
2024	160,000	1,500	161,500
2025	440,000	-	440,000
2026	440,000	-	440,000
2027	440,000	-	440,000
2028-2031	1,750,000	-	1,750,000
<b>Totals</b>	<b>\$ 3,390,000</b>	<b>\$ 6,000</b>	<b>\$ 3,396,000</b>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal Year Ended August 31	Direct Borrowings / Direct Placements - SECO Loan		
	Principal	Interest	Total Requirements
2023	\$ 150,774	\$ 23,027	\$ 173,801
2024	153,812	19,989	173,801
2025	156,912	16,890	173,802
2026	160,073	13,728	173,801
2027	163,299	10,502	173,801
2028-2031	422,233	11,714	433,947
<b>Totals</b>	<b>\$ 1,207,103</b>	<b>\$ 95,850</b>	<b>\$ 1,302,953</b>

**D. Interfund Transactions**

The interfund balances and transfers at August 31, 2022 were as follows:

Due To Fund	Due From Fund	Amount	Reason
General Fund	Nonmajor Governmental Funds	\$ 638,203	Short-term loans
	Total	\$ 638,203	

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

Transfers From	Transfers To	Amount	Reason
General Fund	Enterprise Funds	\$ 35,352	To supplement revenue
	Total	\$ 35,352	

**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**

Grants

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.

Claims and Judgements

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, 2022

## Arbitrage

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

## **C. Defined Benefit Pension Plan**

### **Teacher Retirement System**

#### Plan Description

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

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

#### Pension Plan Fiduciary Net Position

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

#### 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 the State. 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.

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. Actuarial implications of the funding provided in the manner are determined by TRS's actuary.

#### 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.



**BRENHAM INDEPENDENT SCHOOL DISTRICT**

*NOTES TO FINANCIAL STATEMENTS, Continued*  
*FOR THE YEAR ENDED AUGUST 31, 2022*

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

<b>Contribution Rates</b>			
<b>Fiscal Year</b>	<b>State</b>	<b>Public Education</b>	<b>Active</b>
		<b>Employer*</b>	<b>Employee</b>
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%

	<b>Contribution Rates</b>	
	<b>2021</b>	<b>2022</b>
Member	7.70%	8.00%
NECE (State)	7.50%	7.75%
Employer	7.50%	7.50%

	<b>Measurement Year (2021)</b>	<b>Fiscal Year (2022)</b>
Employer contributions	\$ 1,006,649	\$ 1,283,707
Member contributions	\$ 2,581,470	\$ 2,836,953
NECE on-behalf contributions	\$ 1,969,107	\$ 1,901,573

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 (GAA).

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

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

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

- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member’s salary beginning in the fiscal year 2021, gradually increasing to 2.0% in fiscal year 2025.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2022

## Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.25%
Long-term expected rate	7.25%
Municipal bond rate as of August 2020	1.95% - The 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"
Inflation	2.30%
Salary increases	3.05% to 9.05%, including inflation
Benefit changes during the year	None
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, 2020. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 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.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2022

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2021 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Returns**  
 August 31, 2021

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Long-Term Expected Geometric Real Rate of Return (2)</u>	<u>Expected Contributions to Long-Term Portfolio Returns</u>
<b>Global Equity</b>			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Value	-	1.10%	-
Stable Value Hedge Funds	5.00%	2.20%	0.12%
<b>Real Return</b>			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities	-	1.70%	-
<b>Risk Parity</b>			
Risk Parity	8.00%	2.80%	0.28%
<b>Leverage</b>			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag (3)</b>			-0.95%
<b>Total</b>	<u>100.00%</u>	<u>34.50%</u>	<u>6.90%</u>

(1) Target allocations are based on the FY 2021 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the net pension liability (NPL) of TRS using the discount rate of 7.25% and what the NPL would be if it was calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current year rate:

	<b>1% Decrease in Discount Rate (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase in Discount Rate (8.25%)</b>
District's proportionate share of the net pension liability	<u>\$ 13,126,797</u>	<u>\$ 6,007,251</u>	<u>\$ 231,138</u>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2022

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

At August 31, 2021, the District reported a liability of \$6,007,251 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	\$	6,007,251
State's proportionate share that is associated with the District		<u>11,750,788</u>
<b>Total</b>	<b>\$</b>	<b><u>17,758,039</u></b>

The NPL was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the TPL used to calculate the NPL was determined by an actuarial valuation as of 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, 2020 through August 31, 2021.

At August 31, 2022, the District's proportion of the collective NPL was 0.0235889%, which was a decrease of 0.0000992% from its proportion measured as of August 31, 2021.

### Changes Since the Prior Actuarial Valuation

The following were no changes since the prior measurement period.

For the year ended August 31, 2021, the District recognized pension expense of \$46,978 and revenue of \$46,978 for support provided by the State.

At August 31, 2021, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 10,053	\$ (422,915)
Changes in actuarial assumptions	2,123,446	(925,640)
Difference between projected and actual investment earnings	-	(5,037,002)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	635,864	(892,857)
Contributions paid to TRS subsequent to the measurement date	<u>1,283,707</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>4,053,070</u></b>	<b>\$ <u>(7,278,414)</u></b>

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:

<u>Fiscal Year Ended August 31</u>	<u>Pension Expense</u>
2023	\$ (737,301)
2024	(787,041)
2025	(1,204,256)
2026	(1,671,182)
2027	(95,461)
Thereafter	<u>(13,810)</u>
<b>Total</b>	<b>\$ <u>(4,509,051)</u></b>

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2022

## D. Defined Other Postemployment Benefits Plan

### Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan with a special funding situation. TRS-Care was established in 1986 by the Texas Legislature.

The TRS Board of Trustees (the "Board") administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

### OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); 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, 2021 are as follows:

Total OPEB liability	\$	41,113,711,083
Less: plan fiduciary net position		<u>(2,539,242,470)</u>
<b>Net OPEB Liability</b>	<b>\$</b>	<b><u>38,574,468,613</u></b>

Net position as a percentage of total OPEB liability -6.18%

### Benefits Provided

TRS-Care provides a basic health insurance coverage to retirees from public and 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 non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in TRS. There are no automatic postemployment benefit changes, including automatic COLAs.

The premium rates for retirees are reflected in the following table:

<b>TRS-Care Plan Premium Rates</b>				
	<u>Medicare</u>		<u>Non-Medicare</u>	
Retiree or surviving spouse	\$	135	\$	200
Retiree and spouse	\$	529	\$	689
Retiree or surviving spouse and children	\$	468	\$	408
Retiree and family	\$	1,020	\$	999

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS, *Continued*  
 FOR THE YEAR ENDED AUGUST 31, 2022

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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to TRS-Care by type of contributor.

<b>Contribution Rates</b>		
	<b>Fiscal Year</b>	
	<b>2021</b>	<b>2022</b>
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%

  

	<b>Measurement</b>	<b>Fiscal</b>
	<b>Year (2021)</b>	<b>Year (2022)</b>
Employer contributions	\$ 277,178	\$ 313,699
Member contributions	\$ 88,846	\$ 115,251
NECE on-behalf contributions	\$ 371,357	\$ 443,274

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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for TRS pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, *Continued*  
FOR THE YEAR ENDED AUGUST 31, 2022

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2020 rolled forward to 8/31/2021
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	1.95% as of August 31, 2021
Aging factors	Based on plan-specific experience
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
Healthcare trend rates	Medical trend rates: 8.50% (Medicare retirees) and 7.10% (non-Medicare retirees) prescription drug trend rate: 8.50%
Election rates	Normal retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc postemployment benefit changes	None

### Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

### 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% lower than and 1% higher than the discount rate that was used (1.95%) in measuring the net OPEB liability:

	<b>1% Decrease in Discount Rate (0.95%)</b>	<b>Current Discount Rate (1.95%)</b>	<b>1% Increase in Discount Rate (2.95%)</b>
District’s proportionate share of net OPEB liability	\$ 16,508,655	\$ 13,686,153	\$ 11,464,753

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

	<b>1% Decrease in Healthcare Cost Trend Rate</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase in Healthcare Cost Trend Rate</b>
District’s proportionate share of net OPEB liability	\$ 11,085,331	\$ 13,686,153	\$ 17,175,811

# BRENHAM INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
FOR THE YEAR ENDED AUGUST 31, 2022

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

At August 31, 2022, the District reported a liability of \$13,686,153 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	\$	13,686,153
State's proportionate share that is associated with the District		<u>18,336,395</u>
<b>Total</b>	<b>\$</b>	<b><u>32,022,548</u></b>

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0354798%, compared to 0.0364894% as of August 31, 2021.

### 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 rate was changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2022, the District recognized OPEB expense of \$676,753 and revenue of \$676,753 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 589,254	\$ (6,625,056)
Changes in actuarial assumptions	1,515,902	(2,894,368)
Differences between projected and actual investment earnings	14,859	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,099,608	(887,239)
Contributions paid to TRS subsequent to the measurement date	<u>313,699</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>3,533,322</u></b>	<b>\$ <u>(10,406,663)</u></b>



# BRENHAM INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued FOR THE YEAR ENDED AUGUST 31, 2022

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

<u>Fiscal Year Ended</u> <u>August 31</u>	<u>OPEB</u> <u>Expense</u>
2023	\$ (1,348,159)
2024	(1,348,494)
2025	(1,348,404)
2026	(988,152)
2027	(500,423)
Thereafter	(1,653,408)
<b>Total</b>	<b>\$ (7,187,040)</b>

### Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$147,072, \$148,910, and \$140,064, respectively.

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

During the year ended August 31, 2022, 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, 2022 and terms of coverage and premiums costs are included in the contractual provisions.

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

During the year ended August 31, 2022, 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, 2022, 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, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

*NOTES TO FINANCIAL STATEMENTS, Continued*  
*FOR THE YEAR ENDED AUGUST 31, 2022*

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, 2021 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

## 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, 2022

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 31,860,364	\$ 32,283,095	\$ 32,349,551	\$ 66,456
5800	State Program Revenues	15,014,933	14,588,917	14,619,275	30,358
5900	Federal Program Revenues	900,000	1,150,000	1,141,116	(8,884)
5020	Total Revenues	<u>47,775,297</u>	<u>48,022,012</u>	<u>48,109,942</u>	<u>87,930</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	28,274,018	28,927,566	29,093,317	* (165,751)
0012	Instructional Resources and Media Services	520,150	502,150	501,820	330
0013	Curriculum and Staff Development	336,185	336,185	333,813	2,372
	Total Instruction and Instr. Related Services	<u>29,130,353</u>	<u>29,765,901</u>	<u>29,928,950</u>	<u>(163,049)</u>
Instructional and School Leadership:					
0021	Instructional Leadership	718,053	888,053	877,234	10,819
0023	School Leadership	2,788,977	2,761,977	2,745,511	16,466
	Total Instructional and School Leadership	<u>3,507,030</u>	<u>3,650,030</u>	<u>3,622,745</u>	<u>27,285</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,400,427	1,476,427	1,455,688	20,739
0032	Social Work Services	4,000	10,000	9,029	971
0033	Health Services	666,061	679,061	662,781	16,280
0034	Student (Pupil) Transportation	2,560,500	2,527,164	2,515,354	11,810
0035	Food Services	70,968	64,968	65,971	* (1,003)
0036	Cocurricular/Extracurricular Activities	1,486,895	1,538,352	1,550,344	* (11,992)
	Total Support Services - Student (Pupil)	<u>6,188,851</u>	<u>6,295,972</u>	<u>6,259,167</u>	<u>36,805</u>
Administrative Support Services:					
0041	General Administration	2,453,361	2,651,988	2,650,738	1,250
	Total Administrative Support Services	<u>2,453,361</u>	<u>2,651,988</u>	<u>2,650,738</u>	<u>1,250</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,896,482	5,741,798	5,738,296	3,502
0052	Security and Monitoring Services	484,818	704,065	699,400	4,665
0053	Data Processing Services	857,381	912,451	960,001	* (47,550)
	Total Support Services - Nonstudent Based	<u>6,238,681</u>	<u>7,358,314</u>	<u>7,397,697</u>	<u>(39,383)</u>
Ancillary Services:					
0061	Community Services	83,219	29,551	29,593	* (42)
	Total Ancillary Services	<u>83,219</u>	<u>29,551</u>	<u>29,593</u>	<u>(42)</u>
Debt Service:					
0071	Principal on Long-Term Debt	147,796	147,796	147,796	--
0072	Interest on Long-Term Debt	26,006	26,006	26,005	1
	Total Debt Service	<u>173,802</u>	<u>173,802</u>	<u>173,801</u>	<u>1</u>
6030	Total Expenditures	<u>47,775,297</u>	<u>49,925,557</u>	<u>50,062,691</u>	<u>(137,133)</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>9,436,865</u>	<u>(1,903,545)</u>	<u>(1,952,749)</u>	<u>(49,204)</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2022

**EXHIBIT G-1**  
 Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Other Financing Sources (Uses):				
7915	\$ --	\$ 9,267,285	\$ 3,035,000	\$ (6,232,285)
8911	(9,267,285)	(9,267,285)	(3,070,352)	6,196,933
7080	(9,267,285)	--	(35,352)	(35,352)
1200	--	(1,903,545)	(1,988,101)	(84,556)
0100	15,581,481	15,581,481	15,581,481	--
3000	<u>\$ 15,581,481</u>	<u>\$ 13,677,935</u>	<u>\$ 13,593,380</u>	<u>\$ (84,556)</u>

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, 2022

	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the net pension liability (asset)	0.02235889%	0.0236881%	0.0260090%	0.0255746%
District's proportionate share of the net pension liability (asset)	\$ 6,007,251	\$ 12,686,844	\$ 13,520,286	\$ 14,076,904
State's proportionate share of the net pension liability (asset) associated with the District	11,750,788	24,835,814	23,109,171	25,235,202
Total	<u>\$ 17,758,039</u>	<u>\$ 37,522,658</u>	<u>\$ 36,629,457</u>	<u>\$ 39,312,106</u>
District's covered payroll**	\$ 33,525,579	\$ 32,924,940	\$ 31,193,151	\$ 30,195,960
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.92%	38.53%	43.34%	46.62%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%

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

\*\*As of measurement date.

**Notes to Required Supplementary Information:**

## Changes in Assumptions:

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

## Changes in Benefits:

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

Measurement Year*			
2017	2016	2015	2014
0.0219640%	0.0237652%	0.0133948%	0.0133948%
\$ 7,022,897	\$ 8,980,509	\$ 3,577,936	\$ 3,577,936
15,611,299	18,121,670	16,050,650	16,050,650
<u>\$ 22,634,196</u>	<u>\$ 27,102,179</u>	<u>\$ 19,628,586</u>	<u>\$ 19,628,586</u>
\$ 28,359,156	\$ 27,808,701	\$ 27,119,270	\$ 27,119,270
24.76%	32.29%	13.19%	13.19%
82.17%	78.00%	83.25%	83.25%

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)  
 FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year*			
	2022	2021	2020	2019
Contractually required contribution	\$ 1,283,707	\$ 1,003,329	\$ 975,274	\$ 914,149
Contributions in relation to the contractually required contribution	1,283,707	1,003,329	975,274	914,149
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 35,461,916	\$ 33,525,579	\$ 32,924,940	\$ 31,193,151
Contributions as a percentage of covered payroll	3.62%	2.99%	2.96%	2.93%

\*Only nine years of information is currently available. The District will build this schedule over the next year.



		Fiscal Year*							
		2018	2017	2016	2015	2014			
\$	861,545	\$	719,851	\$	755,079	\$	707,663	\$	339,596
	861,545		719,851		755,079		707,663		339,596
\$	-	\$	-	\$	-	\$	-	\$	-
\$	30,195,960	\$	28,359,156	\$	27,808,701	\$	27,095,156	\$	27,119,270
	2.85%		2.54%		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, 2022

	Measurement Year*			
	2021	2020	2019	2018
District's proportion of the collective net OPEB liability (asset)	0.0354798%	0.0364894%	0.0371705%	0.0365728%
District's proportionate share of the collective net OPEB liability (asset)	\$ 13,686,153	\$ 13,871,272	\$ 17,578,407	\$ 18,261,131
State proportionate share of the collective net OPEB liability (asset) associated with the District	18,336,395	18,639,665	23,357,772	25,499,757
Total	<u>\$ 32,022,548</u>	<u>\$ 32,510,937</u>	<u>\$ 40,936,179</u>	<u>\$ 43,760,888</u>
District's covered payroll***	\$ 33,525,579	\$ 32,924,940	\$ 31,193,151	\$ 30,195,960
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.82%	42.13%	56.35%	60.48%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%

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

\*\*As of the measurement date.

**Notes to Required Supplementary Information:**

*Changes in Assumptions:*

The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

*Changes in Benefits:*

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

Measurement  
Year\*  
2017

0.0340955%

\$ 14,826,864

21,820,634  
\$ 36,647,498

\$ 28,359,156

52.28%

0.91%

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

## SCHEDULE OF DISTRICT CONTRIBUTIONS

## TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)

FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year*			
	2022	2021	2020	2019
Statutorily or contractually required District contribution	\$ 313,699	\$ 276,829	\$ 278,385	\$ 263,238
Contributions recognized by OPEB in relations statutorily or contractually required contribution	313,699	276,829	278,385	263,238
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 35,461,916	\$ 33,525,579	\$ 32,924,940	\$ 31,193,151
Contributions as a percentage of covered payroll	0.88%	0.83%	0.85%	0.84%

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

	Fiscal Year 2018
\$	252,108

	252,108
\$	<u>    --</u>
\$	30,195,960

0.83%

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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, 2022

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund  Non-Operating Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 1,926,007	\$ 209,386	\$ 32,305	\$ 2,167,698
1120	Current Investments	44,432	1,146,499	435,861	1,626,792
1220	Property Taxes Receivable	--	144,841	--	144,841
1230	Allowance for Uncollectible Taxes	--	(41,859)	--	(41,859)
1240	Due from Other Governments	775,261	--	--	775,261
1290	Other Receivables	39,167	--	--	39,167
1300	Inventories	85,029	--	--	85,029
1490	Other Current Assets	6	--	--	6
1000	Total Assets	<u>\$ 2,869,902</u>	<u>\$ 1,458,867</u>	<u>\$ 468,166</u>	<u>\$ 4,796,935</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 34,216	\$ --	\$ --	\$ 34,216
2160	Accrued Wages Payable	78,261	--	--	78,261
2170	Due to Other Funds	638,203	--	--	638,203
2300	Unearned Revenue	71,963	--	--	71,963
2000	Total Liabilities	<u>822,643</u>	<u>--</u>	<u>--</u>	<u>822,643</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
2600	Unavailable Revenue for Property Taxes	--	102,982	--	102,982
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>102,982</u>	<u>--</u>	<u>102,982</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	85,029	--	--	85,029
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	1,298,215	--	--	1,298,215
3470	Capital Acquisitions and Contractual Obligations	--	--	468,166	468,166
3480	Retirement of Long-Term Debt	--	1,355,885	--	1,355,885
3490	Other Restrictions of Fund Balance	664,015	--	--	664,015
3000	Total Fund Balances	<u>2,047,259</u>	<u>1,355,885</u>	<u>468,166</u>	<u>3,871,310</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,869,902</u>	<u>\$ 1,458,867</u>	<u>\$ 468,166</u>	<u>\$ 4,796,935</u>



**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Non-Operating Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 639,698	\$ 2,804,670	\$ 260,189	\$ 3,704,557
5800 State Program Revenues	201,443	38,840	--	240,283
5900 Federal Program Revenues	11,370,019	--	--	11,370,019
5020 Total Revenues	<u>12,211,160</u>	<u>2,843,510</u>	<u>260,189</u>	<u>15,314,859</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,071,397	--	--	6,071,397
0012 Instructional Resources and Media Services	50,488	--	--	50,488
0013 Curriculum and Staff Development	504,002	--	--	504,002
0021 Instructional Leadership	129,400	--	--	129,400
0023 School Leadership	147,087	--	--	147,087
0031 Guidance, Counseling, and Evaluation Services	742,437	--	--	742,437
0032 Social Work Services	96,761	--	--	96,761
0033 Health Services	371,430	--	--	371,430
0034 Student Transportation	25,791	--	--	25,791
0035 Food Service	2,614,131	--	--	2,614,131
0036 Cocurricular/Extracurricular Activities	371,756	--	--	371,756
0051 Facilities Maintenance and Operations	91,059	--	--	91,059
0052 Security and Monitoring Services	158,393	--	--	158,393
0053 Data Processing Services	81,892	--	--	81,892
0061 Community Services	65,146	--	--	65,146
0071 Principal on Long-term Debt	--	436,100	460,000	896,100
0072 Interest on Long-term Debt	--	2,108,055	7,500	2,115,555
0073 Bond Issuance Costs and Fees	--	4,983	900	5,883
0081 Capital Outlay	--	--	96,960	96,960
6030 Total Expenditures	<u>11,521,170</u>	<u>2,549,138</u>	<u>565,360</u>	<u>14,635,668</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	689,990	294,372	(305,171)	679,191
1200 Net Change in Fund Balances	<u>689,990</u>	<u>294,372</u>	<u>(305,171)</u>	<u>679,191</u>
0100 Fund Balances - Beginning	1,357,269	1,061,513	773,337	3,192,119
3000 Fund Balances - Ending	<u>\$ 2,047,259</u>	<u>\$ 1,355,885</u>	<u>\$ 468,166</u>	<u>\$ 3,871,310</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	211 Title I, Part A- Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary Residential	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	142,480	10,539	23	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1490	Other Current Assets	--	--	--	--
1000	Total Assets	<u>\$ 142,480</u>	<u>\$ 10,539</u>	<u>\$ 23</u>	<u>\$ --</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	142,480	10,539	23	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>142,480</u>	<u>10,539</u>	<u>23</u>	<u>--</u>
<b>FUND BALANCES:</b>					
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>\$ 142,480</u>	<u>\$ 10,539</u>	<u>\$ 23</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Perkins V: Strength. CTE for 21st Century	255 Title II, Part A- Supp. Effective Instruction	263 Title III, Part A-ELA	266 Education Stabilization Fund (ESSER)
\$ 1,169,903	\$ --	\$ 531	\$ --	\$ --
16,164	--	--	--	--
147,009	10,128	10,787	18,957	--
--	--	--	--	--
85,029	--	--	--	--
--	--	--	--	--
<u>\$ 1,418,105</u>	<u>\$ 10,128</u>	<u>\$ 11,318</u>	<u>\$ 18,957</u>	<u>\$ --</u>
\$ 3,361	\$ --	\$ 1,316	\$ --	\$ --
77,708	--	--	--	--
--	10,128	9,471	18,957	--
71,432	--	531	--	--
<u>152,501</u>	<u>10,128</u>	<u>11,318</u>	<u>18,957</u>	<u>--</u>
85,029	--	--	--	--
1,180,575	--	--	--	--
--	--	--	--	--
<u>1,265,604</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,418,105</u>	<u>\$ 10,128</u>	<u>\$ 11,318</u>	<u>\$ 18,957</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	272 MAC Program	279 Texas COVID Learning Accel. (TCLAS)	281 CRSSA ESSER II	282 American Rescue Plan (ESSER III)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--
1240	Due from Other Governments	--	443	59,221
1290	Other Receivables	--	--	352,959
1300	Inventories	--	--	39,167
1490	Other Current Assets	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ 443</u>	<u>\$ 59,221</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 4,923	\$ 20,642
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	--	443	54,298
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	<u>--</u>	<u>443</u>	<u>59,221</u>
<b>FUND BALANCES:</b>				
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>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 443</u>	<u>\$ 59,221</u>

284 IDEA-B Formula ARP	285 IDEA-B Preschool ARP	289 Federally Funded Special Revenue	385 Supplemental Visually Impaired	392 Non-Educational Community- Based Support
\$ --	\$ --	\$ --	\$ 553	\$ --
--	--	--	--	--
16,654	1,561	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 16,654</u>	<u>\$ 1,561</u>	<u>\$ --</u>	<u>\$ 553</u>	<u>\$ --</u>
\$ 935	\$ --	\$ --	\$ --	\$ --
--	--	--	553	--
15,719	1,561	--	--	--
--	--	--	--	--
<u>16,654</u>	<u>1,561</u>	<u>--</u>	<u>553</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 16,654</u>	<u>\$ 1,561</u>	<u>\$ --</u>	<u>\$ 553</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	410 State Textbook	429 State Funded Special Revenue	488 Special Education Special Olympics	489 Athletic Activity	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 117,640	\$ --	\$ --	\$ 242,732
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	4,500	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1490	Other Current Assets	--	--	--	--
1000	Total Assets	<u>\$ 117,640</u>	<u>\$ 4,500</u>	<u>\$ --</u>	<u>\$ 242,732</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 1,400	\$ --	\$ 769
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	3,100	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>4,500</u>	<u>--</u>	<u>769</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	117,640	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	241,963
3000	Total Fund Balances	<u>117,640</u>	<u>--</u>	<u>--</u>	<u>241,963</u>
4000	Total Liabilities and Fund Balances	<u>\$ 117,640</u>	<u>\$ 4,500</u>	<u>\$ --</u>	<u>\$ 242,732</u>

490 BHS Campus Activity	491 BMS Campus Activity	492 KES Campus Activity	493 AES Campus Activity	494 BES Campus Activity
\$ 136,324	\$ 49,410	\$ 35,736	\$ 53,682	\$ 74,137
5,829	22,439	--	--	--
--	--	--	--	--
--	--	--	--	--
--	6	--	--	--
<u>\$ 142,153</u>	<u>\$ 71,855</u>	<u>\$ 35,736</u>	<u>\$ 53,682</u>	<u>\$ 74,137</u>
\$ --	\$ 287	\$ 90	\$ --	\$ 105
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>287</u>	<u>90</u>	<u>--</u>	<u>105</u>
--	--	--	--	--
--	--	--	--	--
142,153	71,568	35,646	53,682	74,032
<u>142,153</u>	<u>71,568</u>	<u>35,646</u>	<u>53,682</u>	<u>74,032</u>
<u>\$ 142,153</u>	<u>\$ 71,855</u>	<u>\$ 35,736</u>	<u>\$ 53,682</u>	<u>\$ 74,137</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2022

Data Control Codes	495 Leap Campus Activity	496 BJHS Campus Activity
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ 1,698	\$ 34,542
1120 Current Investments	--	--
1240 Due from Other Governments	--	--
1290 Other Receivables	--	--
1300 Inventories	--	--
1490 Other Current Assets	--	--
1000 Total Assets	<u>\$ 1,698</u>	<u>\$ 34,542</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ --	\$ 388
2160 Accrued Wages Payable	--	--
2170 Due to Other Funds	--	--
2300 Unearned Revenue	--	--
2000 Total Liabilities	<u>--</u>	<u>388</u>
<b>FUND BALANCES:</b>		
Nonspendable Fund Balances:		
3410 Inventories	--	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3490 Other Restrictions of Fund Balance	1,698	34,154
3000 Total Fund Balances	<u>1,698</u>	<u>34,154</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,698</u>	<u>\$ 34,542</u>



497 Legacy Field Campaign	498 Early Childhood Learning Center	499 Scholarships	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 7,301	\$ 1,818	\$ --	\$ 1,926,007
--	--	--	44,432
--	--	--	775,261
--	--	--	39,167
--	--	--	85,029
--	--	--	6
<u>\$ 7,301</u>	<u>\$ 1,818</u>	<u>\$ --</u>	<u>\$ 2,869,902</u>
\$ --	\$ --	\$ --	\$ 34,216
--	--	--	78,261
--	--	--	638,203
--	--	--	71,963
<u>--</u>	<u>--</u>	<u>--</u>	<u>822,643</u>
--	--	--	85,029
--	--	--	1,298,215
7,301	1,818	--	664,015
<u>7,301</u>	<u>1,818</u>	<u>--</u>	<u>2,047,259</u>
<u>\$ 7,301</u>	<u>\$ 1,818</u>	<u>\$ --</u>	<u>\$ 2,869,902</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, 2022

Data Control Codes		211 Title I, Part A- Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary Residential
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	925,012	771,451	17,598	212,023
5020	Total Revenues	<u>925,012</u>	<u>771,451</u>	<u>17,598</u>	<u>212,023</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	745,791	255,951	17,598	197,578
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	146,648	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	515,500	--	14,445
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	32,573	--	--	--
6030	Total Expenditures	<u>925,012</u>	<u>771,451</u>	<u>17,598</u>	<u>212,023</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Perkins V: Strength. CTE for 21st Century	255 Title II, Part A- Supp. Effective Instruction	263 Title III, Part A-ELA	266 Education Stabilization Fund (ESSER)
\$ 139,930	\$ --	\$ --	\$ --	\$ --
7,199	--	--	--	--
3,098,584	62,565	163,533	71,317	9,469
<u>3,245,713</u>	<u>62,565</u>	<u>163,533</u>	<u>71,317</u>	<u>9,469</u>
--	56,479	99,843	59,315	--
--	--	--	--	--
--	6,086	63,690	6,002	--
--	--	--	6,000	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	2,457
2,614,131	--	--	--	--
--	--	--	--	--
3,666	--	--	--	7,012
--	--	--	--	--
--	--	--	--	--
<u>2,617,797</u>	<u>62,565</u>	<u>163,533</u>	<u>71,317</u>	<u>9,469</u>
627,916	--	--	--	--
<u>627,916</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
637,688	--	--	--	--
<u>\$ 1,265,604</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	272 MAC Program	279 Texas COVID Learning Accel. (TCLAS)	281 CRSSA ESSER II	282 American Rescue Plan (ESSER III)
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	27,304	8,573	1,008,415	4,707,855
5020 Total Revenues	<u>27,304</u>	<u>8,573</u>	<u>1,008,415</u>	<u>4,707,855</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	--	8,573	672,361	3,754,099
0012 Instructional Resources and Media Services	--	--	--	19,632
0013 Curriculum and Staff Development	--	--	77,174	182,676
0021 Instructional Leadership	--	--	--	123,400
0023 School Leadership	--	--	67,565	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--	210,102
0032 Social Work Services	--	--	--	96,761
0033 Health Services	27,304	--	29,211	178,502
0034 Student Transportation	--	--	--	25,791
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	72,648	7,733
0052 Security and Monitoring Services	--	--	84,201	32,522
0053 Data Processing Services	--	--	5,255	76,637
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>27,304</u>	<u>8,573</u>	<u>1,008,415</u>	<u>4,707,855</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

284 IDEA-B Formula ARP	285 IDEA-B Preschool ARP	289 Federally Funded Special Revenue	385 Supplemental Visually Impaired	392 Non-Educational Community- Based Support
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	4,355	2,350
51,937	7,913	226,470	--	--
<u>51,937</u>	<u>7,913</u>	<u>226,470</u>	<u>4,355</u>	<u>2,350</u>
35,657	7,913	19,499	4,355	--
--	--	60	--	--
16,280	--	946	--	--
--	--	--	--	--
--	--	--	--	--
--	--	116	--	--
--	--	--	--	--
--	--	131,606	--	2,350
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	41,670	--	--
--	--	--	--	--
--	--	32,573	--	--
<u>51,937</u>	<u>7,913</u>	<u>226,470</u>	<u>4,355</u>	<u>2,350</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	410 State Textbook	429 State Funded Special Revenue	488 Special Education Special Olympics	489 Athletic Activity
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ 278	\$ 329,478
5800 State Program Revenues	181,289	6,250	--	--
5900 Federal Program Revenues	--	--	--	--
5020 Total Revenues	<u>181,289</u>	<u>6,250</u>	<u>278</u>	<u>329,478</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	63,649	1,750	--	--
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	4,500	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--	--
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	278	320,943
0051 Facilities Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>63,649</u>	<u>6,250</u>	<u>278</u>	<u>320,943</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>117,640</u>	<u>--</u>	<u>--</u>	<u>8,535</u>
1200 Net Change in Fund Balances	<u>117,640</u>	<u>--</u>	<u>--</u>	<u>8,535</u>
0100 Fund Balances - Beginning	--	--	--	233,428
3000 Fund Balances - Ending	<u>\$ 117,640</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 241,963</u>

490 BHS Campus Activity	491 BMS Campus Activity	492 KES Campus Activity	493 AES Campus Activity	494 BES Campus Activity
\$ 78,292	\$ 5,175	\$ 45,325	\$ 22,300	\$ 16,066
--	--	--	--	--
--	--	--	--	--
<u>78,292</u>	<u>5,175</u>	<u>45,325</u>	<u>22,300</u>	<u>16,066</u>
12,879	2,690	27,454	11,342	14,960
5,977	--	4,370	11,664	8,319
--	--	--	--	--
--	--	--	--	--
25,695	4,391	--	3,174	27,180
2,274	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,088	233	5,054	13,167	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>48,913</u>	<u>7,314</u>	<u>36,878</u>	<u>39,347</u>	<u>50,459</u>
29,379	(2,139)	8,447	(17,047)	(34,393)
<u>29,379</u>	<u>(2,139)</u>	<u>8,447</u>	<u>(17,047)</u>	<u>(34,393)</u>
112,774	73,707	27,199	70,729	108,425
<u>\$ 142,153</u>	<u>\$ 71,568</u>	<u>\$ 35,646</u>	<u>\$ 53,682</u>	<u>\$ 74,032</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, 2022

Data Control Codes	495 Leap Campus Activity	496 BJHS Campus Activity
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ --	\$ 2,787
5800 State Program Revenues	--	--
5900 Federal Program Revenues	--	--
5020 Total Revenues	<u>--</u>	<u>2,787</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	--	--
0012 Instructional Resources and Media Services	--	466
0013 Curriculum and Staff Development	--	--
0021 Instructional Leadership	--	--
0023 School Leadership	50	19,032
0031 Guidance, Counseling, and Evaluation Services	--	--
0032 Social Work Services	--	--
0033 Health Services	--	--
0034 Student Transportation	--	--
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	--	--
0051 Facilities Maintenance and Operations	--	--
0052 Security and Monitoring Services	--	--
0053 Data Processing Services	--	--
0061 Community Services	--	--
6030 Total Expenditures	<u>50</u>	<u>19,498</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(50)</u>	<u>(16,711)</u>
1200 Net Change in Fund Balances	(50)	(16,711)
0100 Fund Balances - Beginning	1,748	50,865
3000 Fund Balances - Ending	<u>\$ 1,698</u>	<u>\$ 34,154</u>



497 Legacy Field Campaign	498 Early Childhood Learning Center	499 Scholarships	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ 67	\$ --	\$ 639,698
--	--	--	201,443
--	--	--	11,370,019
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	67	--	12,211,160
--	1,661	--	6,071,397
--	--	--	50,488
--	--	--	504,002
--	--	--	129,400
--	--	--	147,087
--	--	--	742,437
--	--	--	96,761
--	--	--	371,430
--	--	--	25,791
--	--	--	2,614,131
--	--	29,993	371,756
--	--	--	91,059
--	--	--	158,393
--	--	--	81,892
--	--	--	65,146
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	1,661	29,993	11,521,170
--	(1,594)	(29,993)	689,990
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
--	(1,594)	(29,993)	689,990
7,301	3,412	29,993	1,357,269
<u>\$ 7,301</u>	<u>\$ 1,818</u>	<u>\$ --</u>	<u>\$ 2,047,259</u>

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

AUGUST 31, 2022

Data Control Codes	751 Transportation Fund	770 Culinary Arts Program	798 Contracted Services	Total Internal Service Funds (See Exhibit D-1)
<b>ASSETS:</b>				
Current Assets:				
1110 Cash and Cash Equivalents	\$ 26,386	\$ 41,483	\$ --	\$ 67,869
Total Current Assets	<u>26,386</u>	<u>41,483</u>	<u>--</u>	<u>67,869</u>
1000 Total Assets	<u>26,386</u>	<u>41,483</u>	<u>--</u>	<u>67,869</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	--	4,918	--	4,918
Total Current Liabilities	<u>--</u>	<u>4,918</u>	<u>--</u>	<u>4,918</u>
2000 Total Liabilities	<u>--</u>	<u>4,918</u>	<u>--</u>	<u>4,918</u>
<b>NET POSITION:</b>				
3800 Restricted	26,386	36,565	--	62,951
3000 Total Net Position	<u>\$ 26,386</u>	<u>\$ 36,565</u>	<u>\$ --</u>	<u>\$ 62,951</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	751 Transportation Fund	770 Culinary Arts Program	798 Contracted Services	Total Internal Service Funds (See Exhibit D-2)
<b>OPERATING REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 14,880	\$ 63,602	\$ 605,384	\$ 683,866
5020 Total Revenues	<u>14,880</u>	<u>63,602</u>	<u>605,384</u>	<u>683,866</u>
<b>OPERATING EXPENSES:</b>				
6100 Payroll Costs	--	--	605,384	605,384
6200 Professional and Contracted Services	3,946	--	--	3,946
6300 Supplies and Materials	2,528	53,618	--	56,146
6030 Total Expenses	<u>6,474</u>	<u>53,618</u>	<u>605,384</u>	<u>665,476</u>
1300 Change in Net Position	8,406	9,984	--	18,390
0100 Total Net Position - Beginning	17,980	26,581	--	44,561
3300 Total Net Position - Ending	<u>\$ 26,386</u>	<u>\$ 36,565</u>	<u>\$ --</u>	<u>\$ 62,951</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	751	770	798	Total Internal Service Funds (See Exhibit D-3)
	Transportation Fund	Culinary Arts Program	Contracted Services	
<b>Cash Flows from Operating Activities:</b>				
Operating Transactions with Other Funds	\$ 14,880	\$ 63,602	\$ --	\$ 78,482
Receipts from Other Governments	--	--	605,384	605,384
Cash Payments to Employees for Services	(6,474)	(48,700)	(605,384)	(660,558)
Net Cash Provided (Used) by Operating Activities	<u>8,406</u>	<u>14,902</u>	<u>--</u>	<u>23,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,406	14,902	--	23,308
Cash and Cash Equivalents at Beginning of Year	17,980	26,581	--	44,561
Cash and Cash Equivalents at End of Year	<u>\$ 26,386</u>	<u>\$ 41,483</u>	<u>\$ --</u>	<u>\$ 67,869</u>
<b>Reconciliation of Operating Income to (Loss) Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 8,406	\$ 9,984	\$ --	\$ 18,390
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
Increase (Decrease) in Accounts Payable	--	4,918	--	4,918
Total Adjustments	<u>--</u>	<u>4,918</u>	<u>--</u>	<u>4,918</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,406</u>	<u>\$ 14,902</u>	<u>\$ --</u>	<u>\$ 23,308</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

AUGUST 31, 2022

Data Control Codes	Custodial Funds		
	890 High School Activity	891 Middle School Activity	892 Junior High Activity
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 229,282	\$ 14,080	\$ 44,702
1120 Current Investments	--	--	--
1000 Total Assets	<u>229,282</u>	<u>14,080</u>	<u>44,702</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 Accounts Payable	<u>257</u>	<u>--</u>	<u>--</u>
2000 Total Liabilities	<u>257</u>	<u>--</u>	<u>--</u>
<b>NET POSITION:</b>			
3800 Restricted for Individuals and Organizations	<u>229,025</u>	<u>14,080</u>	<u>44,702</u>
3000 Total Net Position	<u>\$ 229,025</u>	<u>\$ 14,080</u>	<u>\$ 44,702</u>

Custodial Funds

893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington Co. Appraisal District	Total Custodial Funds (See Exhibit E-1)
\$ 23,836	\$ 370	\$ 336,125	\$ 648,395
<u>    --</u>	<u>    --</u>	<u>    11</u>	<u>    11</u>
<u>23,836</u>	<u>370</u>	<u>336,136</u>	<u>648,406</u>
<u>    --</u>	<u>    --</u>	<u>    502</u>	<u>    759</u>
<u>    --</u>	<u>    --</u>	<u>    502</u>	<u>    759</u>
<u>23,836</u>	<u>370</u>	<u>335,634</u>	<u>647,647</u>
<u>\$ 23,836</u>	<u>\$ 370</u>	<u>\$ 335,634</u>	<u>\$ 647,647</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
*FIUDICARY FUNDS*  
*FOR THE YEAR ENDED AUGUST 31, 2022*

	Custodial Funds		
	890 Brenham High School Activity	891 Brenham Middle School Activity	892 Brenham Junior High Activity
<b>Additions:</b>			
Fees and Dues	\$ 17,396	\$ --	\$ 2,811
Fundraising	593,539	12,771	88,319
Interest	565	--	--
Taxing Jurisdiction Assessments	--	--	--
Total Additions	<u>611,500</u>	<u>12,771</u>	<u>91,130</u>
<b>Deductions:</b>			
Fees and Dues	10,051	--	630
Fundraising Expenses	583,437	9,879	73,351
Contracted Services	--	--	--
Rent and Utilities	--	--	--
Supplies	--	--	--
Miscellaneous	--	--	--
Total Deductions	<u>593,488</u>	<u>9,879</u>	<u>73,981</u>
<b>Change in Net Position</b>	18,012	2,892	17,149
Net Position-Beginning of the Year	211,013	11,188	27,553
Net Position-End of the Year	<u>\$ 229,025</u>	<u>\$ 14,080</u>	<u>\$ 44,702</u>



Custodial Funds			
893 Alton Elementary Activity	894 Brenham Elementary Activity	896 Washington County Appraisal District	Total Custodial Funds (See Exhibit E-2)
\$ --	\$ --	\$ 2,728	\$ 22,935
52,710	509	--	747,848
--	--	4,375	4,940
--	--	374,492	374,492
<u>52,710</u>	<u>509</u>	<u>381,595</u>	<u>1,150,215</u>
--	--	--	10,681
28,875	139	--	695,681
--	--	206,643	206,643
--	--	30,910	30,910
--	--	61,825	61,825
--	--	80,163	80,163
<u>28,875</u>	<u>139</u>	<u>379,541</u>	<u>1,085,903</u>
23,836	370	2,054	64,313
--	--	333,580	583,334
<u>\$ 23,836</u>	<u>\$ 370</u>	<u>\$ 335,634</u>	<u>\$ 647,647</u>

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## Other Supplementary Information

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

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2013 and Prior Years	Various	Various	Various
2014	\$ 1.0200	\$ 0.1150	\$ 2,096,344,914
2015	\$ 1.0333	\$ 0.1017	\$ 2,282,354,509
2016	\$ 1.0333	\$ 0.1017	\$ 2,407,551,894
2017	\$ 1.0400	\$ 0.0950	\$ 2,468,576,204
2018	\$ 1.0400	\$ 0.0850	\$ 2,642,240,882
2019	\$ 1.0400	\$ 0.0850	\$ 2,768,893,841
2020	\$ 0.9700	\$ 0.0800	\$ 3,004,589,052
2021	\$ 0.9658	\$ 0.0800	\$ 3,168,626,423
2022 (School Year Under Audit)	\$ 0.9084	\$ 0.0800	\$ 3,446,612,289

1000 Totals

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

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 276,292	\$ --	\$ 36,284	\$ 4,091	\$ (56,766)	\$ 179,151
71,993	--	5,378	606	258	66,266
88,205	--	5,830	574	--	81,801
99,403	--	17,614	1,734	--	80,055
135,265	--	33,025	3,017	171	99,394
203,746	--	53,631	4,383	133	145,865
272,713	--	73,997	6,048	(140)	192,527
330,372	--	91,810	7,572	(4,601)	226,389
508,399	--	213,679	18,658	(23,715)	252,347
--	34,066,316	30,865,012	2,715,734	(34,702)	450,868
<u>\$ 1,986,388</u>	<u>\$ 34,066,316</u>	<u>\$ 31,396,260</u>	<u>\$ 2,762,416</u>	<u>\$ (119,363)</u>	<u>\$ 1,774,664</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 169,125	\$ 169,125	\$ 139,930	\$ (29,195)
5800	State Program Revenues	11,200	11,200	7,199	(4,001)
5900	Federal Program Revenues	2,097,856	2,637,856	3,098,584	460,728
5020	Total Revenues	<u>2,278,181</u>	<u>2,818,181</u>	<u>3,245,713</u>	<u>427,532</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	2,114,414	2,649,414	2,614,131	35,283
	Total Support Services - Student (Pupil)	<u>2,114,414</u>	<u>2,649,414</u>	<u>2,614,131</u>	<u>35,283</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,588	7,588	3,666	3,922
	Total Support Services - Nonstudent Based	<u>2,588</u>	<u>7,588</u>	<u>3,666</u>	<u>3,922</u>
6030	Total Expenditures	<u>2,117,002</u>	<u>2,657,002</u>	<u>2,617,797</u>	<u>39,205</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	161,179	161,179	627,916	466,737
1200	Net Change in Fund Balance	<u>161,179</u>	<u>161,179</u>	<u>627,916</u>	<u>466,737</u>
0100	Fund Balance - Beginning	637,688	637,688	637,688	--
3000	Fund Balance - Ending	<u>\$ 798,867</u>	<u>\$ 798,867</u>	<u>\$ 1,265,604</u>	<u>\$ 466,737</u>

**BRENHAM INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 2,556,500	\$ 2,556,500	\$ 2,804,670	\$ 248,170
5800	State Program Revenues	--	1,206	38,840	37,634
5020	Total Revenues	<u>2,556,500</u>	<u>2,557,706</u>	<u>2,843,510</u>	<u>285,804</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	437,945	437,945	436,100	1,845
0072	Interest on Long-Term Debt	2,113,555	2,113,555	2,108,056	5,499
0073	Bond Issuance Costs and Fees	5,000	6,206	4,982	1,224
	Total Debt Service	<u>2,556,500</u>	<u>2,557,706</u>	<u>2,549,138</u>	<u>8,568</u>
6030	Total Expenditures	<u>2,556,500</u>	<u>2,557,706</u>	<u>2,549,138</u>	<u>8,568</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	294,372	294,372
1200	Net Change in Fund Balance	--	--	294,372	294,372
0100	Fund Balance - Beginning	1,061,513	1,061,513	1,061,513	--
3000	Fund Balance - Ending	<u>\$ 1,061,513</u>	<u>\$ 1,061,513</u>	<u>\$ 1,355,885</u>	<u>\$ 294,372</u>

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM  
 AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 3,811,606
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,106,343
<b><u>Section B: Bilingual Education Programs</u></b>		
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 342,020
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 192,810

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## Federal Awards and Other Compliance Section

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

To the Board of Trustees of  
Brenham Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brenham Independent School District (the "District"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2022.

**Report on 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.

## **Report on 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, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 2, 2022



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

To the Board of Trustees of  
Brenham Independent School District:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Brenham Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

**Basis for Opinion on Each Major Federal Program**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise profession judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 2, 2022

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

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, para. 200.516(a)??      Yes   X   No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173A, 84.173X	IDEA B Cluster
84.425D	COVID-19 Education Stabilization Fund (ESSER)
84.425U	COVID-19 Texas COVID Learning Acceleration Supports (TCLAS)
84.425D	COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II
84.425U	COVID-19 American Rescue Plan (ARP) ESSER III

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

Auditee qualified as low-risk auditee?   X   Yes      No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None Noted		

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	806780706	\$ 438,124
National School Lunch Program	10.555	806780706	2,257,661
Total Passed Through State Department of Education			2,695,785
Direct Program:			
Supply Chain Assistance Grant	10.555	6TX300400	136,272
Total U. S. Department of Agriculture			2,832,057
Total Child Nutrition Cluster			2,832,057
<b>FOOD DISTRIBUTION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Commodity Supplemental Food Program	10.565	806780706	263,464
Total U. S. Department of Agriculture			263,464
Total Food Distribution Cluster			263,464
<u>U. S. Department of Agriculture</u>			
Direct Program:			
COVID-19 Pandemic Electronic Benefit Transfer (P-EBT)	10.649	01118	3,063
Total U. S. Department of Agriculture			3,063
<b>MEDICAID CLUSTER:</b>			
<u>U. S. Department of Health and Human Services</u>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900203	27,304
COVID-19 School Health Support Grant - ELC Reopening Schools	93.323	HHS001114100001	138,599
Total Passed Through Texas Health and Human Services Commission			165,903
Total U. S. Department of Health and Human Services			165,903
Total Medicaid Cluster			165,903
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-Part B, Formula - American Rescue Plan (ARP)	84.027A	2253500123990125350	51,937
IDEA-Part B, Formula	84.027A	226600012399016600	771,451
IDEA-Part B, Discretionary	84.027A	66002212	134,254
High Cost Fund	84.027A	66002206	63,324
Passed Through Education Service Center, Region 20			
Special Education Fiscal Support Round 3 Performance	84.027A	82693	14,445
Total ALN Number 84.027A			1,035,411
IDEA-Part B, Preschool	84.173A	226610012399016610	17,598
IDEA-Part B, Preschool - American Rescue Plan (ARP)	84.173X	2253600123990015360	7,913
Total Passed Through State Department of Education			1,060,922
Total U. S. Department of Education			1,060,922
Total Special Education (IDEA) Cluster			1,060,922

**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2022

**EXHIBIT K-1**  
 Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Part A - Improving Basic Programs	84.010A	22610101239901	\$ 925,012
Perkins V: Strengthening CTE for 21st Century	84.048A	22420006239901	62,565
COVID-19 Education Stabilization Fund (ESSER)	84.25D	20521001239901	9,469
Title III, Part A-English Language Acquisition	84.365A	22671001239901	71,317
Title II, Part A-Supporting Effective Instruction	84.367A	22694501239901	163,533
Title I, Part A, Subpart 1	84.424A	22680101239901	87,871
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act ESSER II	84.425D	21521001239901	1,008,415
COVID-19 American Rescue Plan (ARP) ESSER III	84.425U	21528001239901	4,707,855
COVID-19 Texas COVID Learning Acceleration Supports (TCLAS) - State ESSER III	84.425U	21528042239901	8,573
Total ALN Number 84.425U			<u>4,716,428</u>
Total Passed Through State Department of Education			<u>10,801,317</u>
Total U. S. Department of Education			<u>10,801,317</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000	239-901	47,227
Total U.S. Department of Defense			<u>47,227</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>11,417,246</u></b>
		Federal Revenues per SEFA	\$ 11,417,246
		General Fund SHARS	1,043,069
		ERATE	50,820
		Total Revenues per Exhibit C-2	<u>\$ 12,511,135</u>

The accompanying notes are an integral part of this schedule.

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

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**BRENHAM INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2022

Data Control Codes		Responses
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 school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the District is considered <b>to not have made</b> timely payments.)  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.	Yes
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	\$ 10,289,250

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