



BELLVILLE INDEPENDENT SCHOOL DISTRICT

518 SOUTH MATHEWS STREET | BELLVILLE, TX | 77418 | PH: (979) 865-3133 |
WWW.BELLVILLEISD.ORG

Dear Board Members,

An electronic copy of the 2019-2020 Financial Audit for your review is attached to the board Agenda Review. A hard copy will be provided to you at the board meeting on November 19, 2020. This is our second year with Pattillo, Brown, & Hill LLP and I am very pleased with the quality of services provided. They worked very closely with Amber Klausmeyer. Amber worked through various accounting challenges due to COVID-19, many of which were very last minute, and has done a great job on the audit. As you will see she was instrumental in providing a clean audit with minimal year-end Audit Journal Entries.

Audit Summary:

- BISD received a **clean audit**, with **no findings**
- **No** material weaknesses were identified
- **No** significant deficiencies were identified
- **No** internal control deficiencies
- **No** Material changes between the original budget and final amended budget
- The district's overall Governmental position increased due to increases in receipts from HB3 and reduction in expenses due to COVID-19.
- General Fund Balance increased by \$1,001,536 to \$15,941,392
- Interest and Sinking Fund Balance increased by \$202,220 to \$1,285,533
- Food Service Fund Balance had a deficit net operating of -\$138,633

2019-2020 Audit

The audit provides both governmental wide and individual fund financial statements. The board adopts and reviews monthly individual fund accounts and typically only reviews governmental wide statements during the year-end audit. Individual funds referenced are the general, food service and debt services fund. The governmental wide statements include all funds, assets and liabilities to provide a net position view of the district similar to private sector companies.

Government Wide Summary

- Overall condition of the District Improved due to increases in current assets. The district saw a governmental wide increase in net position of \$849,043.

Bellville ISD's general fund balance increased more than expected due to HB3 Foundation Transition Grant, and decreases in expenditures due to the COVID-19 school closure. Before HB3, prior year certified property values were used in the state funding formulas. As property values grew, BISD would receive one-time "lag" money. Since this funding was not reoccurring money, it was budgeted under function 81 each year for facilities improvements, enhancement stipends and other one-time district expenses. HB3 changed the ball game and now uses current year values in State Funding Formulas. In the long run this move will negatively affect the district. We will no longer receive any benefit from increases in local property value growth on the M&O side. Additionally, there will be extended periods of settle up as the Texas Comptroller does not certify values for close to year later. In the 2019-2020 budget, the board retained approximately \$623,581 in revenue increase from HB3, not "lag" money as in prior years. The potential was there to increase the fund balance. Budgets are fluid and this was no exception, we saw revenue losses from a decline in enrollment, school closures due to COVID-19, expenditure savings due to the closures, the state artificially reduce ADA to supplant ESSER funding amounts the district had to apply for in order to recoup funding and the transition grant show up on funding formulas in early summer. To summarize these contributing factors:

Payroll Contingency	\$327,000
Transition Grant	\$447,000
Enrollment Loss	-\$315,000
Utilities	\$138,000
SRO	\$133,000

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Substitutes	\$88,000
Diesel	\$18,000

The I&S fund saw a surplus due to an increase in collections and property values. Food Services was deficit of - \$138,633 due to COVID-19 and a decrease in participation. For the first time, the general fund had to supplement food services. Food service depleted its fund balance of \$107,508 and the remaining \$31,125 was supplanted by the general fund.

All federal funds are in compliance. In summary, there were no findings, material weaknesses or deficiencies identified.

Pages of Interest: *(pages correspond to audit not pdf page numbers)*

Page 4,	Financial Highlights & Overview of the Financial Statements
Page 6,	Government Wide Net Position
Page 4-5,	MD&A, Management's Discussion & Analysis
Page 10,	Statement of Net Position
Page 15,	Statement of Revenues, Expenditures and Changes
Page 27-32	Pension Plan Liabilities
Page 52-58,	Federal Funds Financial Statements
Page 59-60,	Exhibit J-1 Schedule of Delinquent Taxes Receivable
Page 69,	Schedule of Findings
Page 71,	School First Indicators

Required Auditor Disclosure Letter:

This letter is used for auditor disclosures and to express their performance of the audit as described in the engagement letter. The auditors did not encounter any problems or difficulties while performing the audit. Additionally, there were no disagreements with management pertaining to financial accounting and reporting. Bellville ISD received an unmodified opinion, signifying the financial statements give a true and fair view and was prepared in all material respects, in accordance with the applicable financial reporting framework.

If you have any questions, please do not hesitate to contact me. (979) 865-7004

Thanks,

Dennis Jurek

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