

BELLVILLE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2020**

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page</u> |
|---|---|--------------------|
| | Certificate of Board..... | 1 |
| | Independent Auditor’s Report..... | 2 |
| | Management’s Discussion and Analysis | 4 |
| Basic Financial Statements | | |
| | Government-wide Statements: | |
| A-1 | Statement of Net Position..... | 10 |
| B-1 | Statement of Activities..... | 11 |
| | Governmental Fund Financial Statements: | |
| C-1 | Balance Sheet..... | 13 |
| C-2 | Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 14 |
| C-3 | Statement of Revenues, Expenditures, and Changes in Fund Balance..... | 15 |
| C-4 | Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 16 |
| | Fiduciary Fund Financial Statements: | |
| E-1 | Statement of Net Position..... | 17 |
| E-2 | Statement of Changes in Net Position | 18 |
| | Notes to the Financial Statements | 19 |
| Required Supplementary Information | | |
| G-1 | Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund | 39 |
| | Notes to Required Budgetary Schedule..... | 40 |
| G-2 | Schedule to the District’s Proportionate Share of the Net Pension Liability Teacher Retirement System | 41 |
| G-3 | Schedule of the District’s Pension Contributions Teacher Retirement System | 43 |
| G-4 | Schedule of the District’s Proportionate Share of the Net OPEB Liability Texas Public School Retired Employees Group Insurance Program (TRS-Care) | 45 |

| | | |
|-----|--|----|
| G-5 | Schedule of the District’s OPEB Contributions Texas Public School Retired Employees Group Insurance Program (TRS-Care) | 46 |
|-----|--|----|

Combining Statements

Nonmajor Governmental Funds:

| | | |
|-----|---|----|
| H-1 | Combining Balance Sheet | 47 |
| H-2 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 52 |
| H-3 | Combining Statement of Net Position Private-Purpose Trust Funds | 57 |
| H-4 | Combining Statement of Changes in Net Position Private-Purpose Trust Funds | 58 |

Required TEA Schedules

| | | |
|-----|---|----|
| J-1 | Schedule of Delinquent Taxes Receivable | 59 |
| J-4 | Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Breakfast and Lunch Program Fund | 61 |
| J-5 | Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund | 62 |

Federal Awards and Other Compliance Section

| | | |
|-----|--|----|
| | Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 63 |
| | Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance | 65 |
| K-1 | Schedule of Expenditures of Federal Awards | 67 |
| | Notes to Schedule of Expenditures of Federal Awards..... | 68 |
| | Schedule of Findings and Questioned Costs | 69 |
| | Summary Schedule of Prior Audit Findings..... | 70 |
| L-1 | Schedule of Required Responses to Selected School First Indicators | 71 |

CERTIFICATE OF BOARD

Bellville Independent School District
Name of School District

Austin
County

008-901
Co.Dist.Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 19th day of November, 2020.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bellville Independent School District
Bellville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellville Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Bellville Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellville Independent School District, as of August 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellville Independent School District's basic financial statements. The combining statements, required TEA schedules, Schedule of Required Responses to Selected School First Indicators and the Schedule of Expenditures of Federal Awards, as required by the audit 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, required TEA schedules, Schedule of Required Responses to Selected School First Indicators and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, Schedule of Required Responses to Selected School First Indicators 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of Bellville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bellville Independent School 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 Bellville Independent School District's internal control over financial reporting and compliance.

Waco, Texas
November 19, 2020

This discussion and analysis of the Bellville Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2020. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2020 was \$17,284,351.
- For the fiscal year ended August 31, 2020, the District's general fund reported a total fund balance of \$15,941,392, of which \$174,278 is nonspendable for prepaid items, \$4,507,143 is committed for construction and capital projects, \$600,000 is committed for self-insurance, \$600,000 is committed for residential placement, \$1,000,000 is committed of stabilization, and \$9,059,971 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund) reported combined ending fund balances of \$17,352,793.

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.
- 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 funds include student activity funds.

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 using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, staffing patterns, enrollment, and attendance.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in governmental activities. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed 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.
- 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 a 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 \$17,284,351 at August 31, 2020. Table 1 focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2020.

Table 1 indicates the overall condition of the District improved. Current assets increased due to an increase in cash receipts received from State Funding increases from HB3 and expense savings from school closings due to COVID-19 as compared to the prior fiscal year. Additionally, receivables from other governments increased almost \$1.9 million. These receivables were for FEMA, school health and related services (SHARS), ESSER Cares Act Grant and other grants. Long-term liabilities decreased as a result of decreases in the District's net pension, other post-employment benefit (OPEB) liabilities and bond payments.

TABLE 1
NET POSITION

| | 2020 | 2019 | Change |
|---------------------------------------|----------------------|----------------------|---------------------|
| Current and other assets | \$ 20,782,762 | \$ 18,789,748 | \$ 1,993,014 |
| Capital assets | <u>31,118,671</u> | <u>31,339,280</u> | <u>(220,609)</u> |
| Total assets | <u>51,901,433</u> | <u>50,129,028</u> | <u>1,772,405</u> |
| Deferred charges on refunding | 1,051,643 | 1,115,444 | (63,801) |
| Deferred outflows related to pensions | 3,300,937 | 3,892,957 | (592,020) |
| Deferred outflows related to OPEB | <u>1,686,751</u> | <u>1,276,641</u> | <u>410,110</u> |
| Total deferred outflows of resources | <u>6,039,331</u> | <u>6,285,042</u> | <u>(245,711)</u> |
| Current liabilities | 2,327,618 | 1,441,151 | 886,467 |
| Long-term liabilities | <u>33,780,104</u> | <u>35,521,431</u> | <u>(1,741,327)</u> |
| Total liabilities | <u>36,107,722</u> | <u>36,962,582</u> | <u>(854,860)</u> |
| Deferred inflows related to pensions | 1,023,317 | 355,008 | 668,309 |
| Deferred inflows related to OPEB | <u>3,525,374</u> | <u>2,661,172</u> | <u>864,202</u> |
| Total deferred outflows of resources | <u>4,548,691</u> | <u>3,016,180</u> | <u>1,532,511</u> |
| Net position: | | | |
| Net investment in capital assets | 13,011,566 | 12,013,744 | 997,822 |
| Restricted | 1,654,034 | 1,652,985 | 1,049 |
| Unrestricted | <u>2,618,751</u> | <u>2,768,579</u> | <u>(149,828)</u> |
| Total net position | <u>\$ 17,284,351</u> | <u>\$ 16,435,308</u> | <u>\$ 849,043</u> |

Table 2 reflects the District reporting an overall decrease in revenues when compared to the prior fiscal year mainly due to a decrease in student enrollment, FEMA (one-time Hurricane Harvey remediation payment received in 2019), Hurricane Harvey insurance payment received in 2019, and investment earnings due to decreases in interest rates. Expenses increased mainly due to a compensation increase averaging 5%, COVID-19 expenses and new program pathway startup cost.

TABLE 2
CHANGES IN NET POSITION

| | 2020 | 2019 | Change |
|--|----------------------|----------------------|---------------------|
| REVENUES | | | |
| Program revenues: | | | |
| Charges for services | \$ 551,327 | \$ 688,610 | \$(137,283) |
| Operating grants and contributions | 4,902,144 | 4,614,814 | 287,330 |
| Capital grants and contributions | - | 431,477 | (431,477) |
| General revenues: | | | |
| Property taxes | 16,419,968 | 16,405,035 | 14,933 |
| State foundation program | 6,214,209 | 6,328,698 | (114,489) |
| Investment earnings | 340,956 | 475,557 | (134,601) |
| Miscellaneous | 128,941 | 228,900 | (99,959) |
| Extraordinary item - insurance recovery | - | 229,895 | (229,895) |
| Total revenues | <u>28,557,545</u> | <u>29,402,986</u> | <u>(845,441)</u> |
| EXPENSES | | | |
| Instruction | 15,493,180 | 14,478,966 | 1,014,214 |
| Instructional resources and media services | 308,855 | 319,731 | (10,876) |
| Curriculum and instructional staff development | 259,434 | 141,178 | 118,256 |
| Instructional leadership | 378,572 | 362,743 | 15,829 |
| School leadership | 1,333,738 | 1,205,346 | 128,392 |
| Guidance, counseling and evaluation services | 875,079 | 823,093 | 51,986 |
| Health services | 300,416 | 254,963 | 45,453 |
| Student (pupil) transportation | 1,139,776 | 1,255,333 | (115,557) |
| Food services | 1,353,151 | 1,407,152 | (54,001) |
| Co-curricular/extra curricular activities | 1,144,157 | 1,237,208 | (93,051) |
| General administration | 1,115,547 | 975,939 | 139,608 |
| Plant maintenance and operations | 2,604,642 | 2,413,835 | 190,807 |
| Security and monitoring services | 245,421 | 342,572 | (97,151) |
| Data processing services | 200,769 | 186,262 | 14,507 |
| Community services | - | 2,141 | (2,141) |
| Debt service - interest on long-term debt | 615,490 | 652,480 | (36,990) |
| Debt service - bond issuance costs | 1,300 | 1,300 | - |
| Contracted instructional services | - | 146,252 | (146,252) |
| Other intergovernmental changes | 338,975 | 304,727 | 34,248 |
| Total expenses | <u>27,708,502</u> | <u>26,511,221</u> | <u>1,197,281</u> |
| CHANGE IN NET POSITION | <u>849,043</u> | <u>2,891,765</u> | <u>(2,042,722)</u> |
| NET POSITION, BEGINNING | <u>16,435,308</u> | <u>13,543,543</u> | <u>2,891,765</u> |
| NET POSITION, ENDING | <u>\$ 17,284,351</u> | <u>\$ 16,435,308</u> | <u>\$ 849,043</u> |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2020, the District's governmental funds reported a combined fund balance of \$17,352,793. This compares to a combined fund balance of \$16,249,523 at August 31, 2019. The fund balance in the general fund increased \$1,001,536 as a net result of increased state revenues from HB3 and decreases in expenses from school closures due to COVID-19.

BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2020, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. During the fiscal year, there were no material changes between the original budget and the final amended budget. The general fund's actual revenues were less than budgeted revenues by \$524,137 due to state Foundation Allotment adjustment from ESSER funding through the CARES Act and a decrease in enrollment. In addition, the District's actual expenditures were less than budgeted expenditures by \$2,008,704. Expenditures were less than budgeted mainly due to ESSER Grant Transfer out, COVID-19 school closure cost savings, and general cost savings in capital outlay.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended August 31, 2020, 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 August 31, 2020, the District had a total of \$54,185,602 invested in capital assets such as land, construction in progress, buildings, vehicles, and District equipment. This total includes \$1,333,399 invested during the fiscal year ended August 31, 2020 with the major invested capital assets being:

- SMART Tag (bus monitoring system)
- Bus video equipment
- Auditorium renovation and upgrades
- Junior High lounge renovation
- O'Bryant Intermediate – Canopy Walkway
- West End Roof (construction in progress)
- Security servers
- Wireless hotspots

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM LIABILITIES

At year end, the District had \$17,545,000 in general obligation bonds outstanding versus \$18,730,000 last year. The decrease in long-term debt obligations is due to principal payments paid during the year totaling \$1,185,000. No new debt was issued and no new bond refundings were completed in the fiscal year.

The District carries a net pension liability of \$6,280,341, which decreased over the prior year balance of \$6,478,845. Further, a net other post-employment benefits liability of \$8,148,991 decreased over the prior year balance of \$8,415,464.

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

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS

The following factors were considered in establishing the District's budget for 2019-2020:

- The COVID-19 pandemic caused unprecedented uncertainty. In 2019-2020 the pandemic caused school closures for most of the spring semester and tremendous uncertainty going into the 2020-2021 school year. Enrollment, attendance rates, staffing, additional expenses and the economic impact all were factors considered in the 2020-2021 budgets.
- The 86th Legislature passed House Bill 3, a comprehensive school finance reform bill that provided additional state revenues for the biennium. Conservative budget estimates were used in 2019-2020 due to the complexity of the bill and the changes in funding data elements. The same approach was taken for the 2020-2021 budget as repercussions of these changes both positive and negative will likely take the biennium to be completely flushed out.
- The District saw a decrease in enrollment in 2019-2020. Based on the 2019-2020 school year and forecasted projections, the 2020-2021 enrollment will decrease as incoming kindergarten and pre-k enrollment classes have been declining.
- The District adopted a tax rate of \$1.1352, a reduction of 4.07 pennies due to tax rate compression in HB3. The difference in tax collections was covered by the state with changes in the formula funding in HB3.
- The board has positively positioned the district with conservative budgeting as we continue to study and understand the effects of HB3.
- District officials anticipate that the fund balance for the general fund will be fiscally sound, able to sustain cash flow requirements, and meet recommended general fund balance levels for 2020-2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general fund 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 Dennis Jurek, Assistant Superintendent of Finance and Operations at (979) 865-3133.

BASIC FINANCIAL STATEMENTS

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2020

| Data Control Codes | | 1 Governmental Activities |
|---------------------------------------|--|---------------------------------|
| ASSETS | | |
| 1110 | Cash and cash equivalents | \$ 18,154,738 |
| 1220 | Property taxes receivables | 761,918 |
| 1230 | Allowance for uncollectible taxes | (190,479) |
| 1240 | Due from other governments | 1,866,445 |
| 1290 | Other receivables | 15,862 |
| 1410 | Deferred expenses | 174,278 |
| | Capital assets: | |
| 1510 | Land | 1,462,020 |
| 1520 | Buildings and improvements, net | 27,351,460 |
| 1530 | Furniture and equipment, net | 1,789,316 |
| 1580 | Construction in progress | <u>515,875</u> |
| 1000 | Total assets | <u>51,901,433</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| 1701 | Deferred loss on bond refunding | 1,051,643 |
| 1705 | Deferred outflow related to pensions | 3,300,937 |
| 1706 | Deferred outflow related to other post-employment benefits | <u>1,686,751</u> |
| 1700 | Total deferred outflows of resources | <u>6,039,331</u> |
| LIABILITIES | | |
| 2110 | Accounts payable | 514,939 |
| 2140 | Interest payable | 43,522 |
| 2160 | Accrued wages payable | 1,106,625 |
| 2200 | Accrued expenses | 31,762 |
| 2310 | Unearned revenue | 630,770 |
| | Noncurrent liabilities: | |
| 2501 | Due within one year | 650,000 |
| 2502 | Due in more than one year | 18,700,772 |
| 2540 | Net pension liability | 6,280,341 |
| 2545 | Net other post-employment benefits liability | <u>8,148,991</u> |
| 2000 | Total liabilities | <u>36,107,722</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| 2605 | Deferred inflow related to pensions | 1,023,317 |
| 2606 | Deferred inflow related to other post-employment benefits | <u>3,525,374</u> |
| 2600 | Total deferred inflows of resources | <u>4,548,691</u> |
| NET POSITION | | |
| 3200 | Net investment in capital assets | 13,011,566 |
| | Restricted for: | |
| 3820 | Federal and state programs | 343,611 |
| 3850 | Debt service | 1,309,504 |
| 3890 | Other purposes | 919 |
| 3900 | Unrestricted | <u>2,618,751</u> |
| 3000 | Total net position | <u>\$ 17,284,351</u> |

The accompanying notes are an integral part of this financial statement.

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | Functions/Programs | 1 | <u>Program Revenues</u> 3 |
|--------------------------|---|----------------------|----------------------------------|
| | | <u>Expenses</u> | <u>Charges for Services</u> |
| | Primary government: | | |
| | Governmental activities: | | |
| 11 | Instruction | \$ 15,493,180 | \$ 66,680 |
| 12 | Instructional resources and media services | 308,855 | - |
| 13 | Curriculum and staff development | 259,434 | - |
| 21 | Instructional leadership | 378,572 | - |
| 23 | School leadership | 1,333,738 | - |
| 31 | Guidance, counseling, and evaluation services | 875,079 | - |
| 33 | Health services | 300,416 | - |
| 34 | Student transportation | 1,139,776 | - |
| 35 | Food service | 1,353,151 | 416,918 |
| 36 | Extracurricular activities | 1,144,157 | 67,729 |
| 41 | General administration | 1,115,547 | - |
| 51 | Facilities maintenance and operations | 2,604,642 | - |
| 52 | Security and monitoring services | 245,421 | - |
| 53 | Data processing services | 200,769 | - |
| 72 | Interest on long-term debt | 615,490 | - |
| 73 | Bond issuance costs and fees | 1,300 | - |
| 99 | Other intergovernmental changes | 338,975 | - |
| | [TG] Total governmental activities | <u>\$ 27,708,502</u> | <u>\$ 551,327</u> |
| | General revenues: | | |
| | Taxes: | | |
| MT | Property taxes, levied for general purposes | | |
| DT | Property taxes, levied for debt service | | |
| GC | Grants and contributions not restricted to specific programs | | |
| IE | Investment earnings | | |
| MI | Miscellaneous | | |
| TR | Total general revenues | | |
| CN | Change in net position | | |
| NB | Net position, beginning | | |
| NE | Net position, ending | | |

| Program Revenues | | Net (Expenses) Revenue and Changes in in Net Position |
|--|--|--|
| 4 | 5 | 6 |
| Operating Grants and Contributions | Capital Grants and Contributions | Primary Gov. Governmental Activities |
| \$ 2,818,247 | \$ - | \$(12,608,253) |
| 30,297 | - | (278,558) |
| 88,028 | - | (171,406) |
| 53,869 | - | (324,703) |
| 125,533 | - | (1,208,205) |
| 302,764 | - | (572,315) |
| 33,163 | - | (267,253) |
| 268,952 | - | (870,824) |
| 659,257 | - | (276,976) |
| 52,632 | - | (1,023,796) |
| 69,593 | - | (1,045,954) |
| 311,316 | - | (2,293,326) |
| 27,000 | - | (218,421) |
| 14,180 | - | (186,589) |
| 47,313 | - | (568,177) |
| - | - | (1,300) |
| - | - | (338,975) |
| <u>\$ 4,902,144</u> | <u>\$ -</u> | <u>(22,255,031)</u> |

14,466,294
1,953,674

6,214,209
340,956
128,941
23,104,074

849,043

16,435,308

\$ 17,284,351

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT C-1

BALANCE SHEET

AUGUST 31, 2020

| Data Control Codes | | 10 | | Total Governmental Funds |
|--------------------------------------|--|----------------------|---------------------|--------------------------------|
| | | General Fund | Other Funds | |
| ASSETS | | | | |
| 1110 | Cash and cash equivalents | \$ 16,417,660 | \$ 1,737,078 | \$ 18,154,738 |
| 1220 | Property taxes - delinquent | 660,109 | 101,809 | 761,918 |
| 1230 | Allowance for uncollectible taxes (credit) | (165,027) | (25,452) | (190,479) |
| 1240 | Due from other governments | 1,348,791 | 517,654 | 1,866,445 |
| 1260 | Due from other funds | 619,707 | 37,886 | 657,593 |
| 1290 | Other receivables | - | 15,862 | 15,862 |
| 1410 | Prepaid items | 174,278 | - | 174,278 |
| 1000 | Total assets | <u>19,055,518</u> | <u>2,384,837</u> | <u>21,440,355</u> |
| LIABILITIES | | | | |
| 2110 | Accounts payable | 355,713 | 159,226 | 514,939 |
| 2160 | Accrued wages payable | 1,072,843 | 33,782 | 1,106,625 |
| 2170 | Due to other funds | - | 657,593 | 657,593 |
| 2200 | Accrued expenditures | 22,204 | 3,645 | 25,849 |
| 2310 | Unearned revenues | 579,073 | 51,697 | 630,770 |
| 2000 | Total liabilities | <u>2,029,833</u> | <u>905,943</u> | <u>2,935,776</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable revenue | 1,084,293 | 67,493 | 1,151,786 |
| 2600 | Total deferred inflows of resources | <u>1,084,293</u> | <u>67,493</u> | <u>1,151,786</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| 3430 | Prepaid items | 174,278 | - | 174,278 |
| Restricted: | | | | |
| 3480 | Retirement of long-term debt | - | 1,285,533 | 1,285,533 |
| 3490 | Museum | - | 919 | 919 |
| Committed: | | | | |
| 3510 | Construction | 4,507,143 | - | 4,507,143 |
| 3540 | Self-insurance | 600,000 | - | 600,000 |
| 3545 | Other | 1,600,000 | 124,949 | 1,724,949 |
| 3600 | Unassigned | 9,059,971 | - | 9,059,971 |
| 3000 | Total fund balances | <u>15,941,392</u> | <u>1,411,401</u> | <u>17,352,793</u> |
| 4000 | Total liabilities, deferred inflows and fund balances | <u>\$ 19,055,518</u> | <u>\$ 2,384,837</u> | <u>\$ 21,440,355</u> |

The accompanying notes are an integral part of this financial statement.

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2020

| | |
|---|----------------------|
| Total fund balances - governmental funds | \$ 17,352,793 |
| 1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 31,118,671 |
| 2 Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities. | |
| Property taxes | 505,106 |
| School health and related services (SHARS) | 303,069 |
| Federal Emergency Management Agency (FEMA) | 343,611 |
| 3 Long-term liabilities, including bonds, and accreted interest, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds. | (18,299,129) |
| 4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (43,522) |
| 5 The liabilities for workers' compensation is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (5,913) |
| 6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pensions included a deferred resource outflow in the amount of \$3,300,937, a deferred resource inflow in the amount of \$1,023,317, and a net pension liability in the amount of \$6,280,341. This resulted in a decrease in net position. | (4,002,721) |
| 7 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$1,686,751, a deferred resource inflow in the amount of \$3,525,374, and a net OPEB liability in the amount of \$8,148,991. This resulted in a decrease in net position. | <u>(9,987,614)</u> |
| 19 Net position of governmental activities | \$ <u>17,284,351</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | 10 | | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------|
| | General Fund | Other Funds | |
| REVENUES | | | |
| 5700 Local and intermediate sources | \$ 15,075,461 | \$ 2,454,461 | \$ 17,529,922 |
| 5800 State program | 7,268,683 | 231,162 | 7,499,845 |
| 5900 Federal program | <u>325,527</u> | <u>2,387,158</u> | <u>2,712,685</u> |
| 5020 Total revenues | <u>22,669,671</u> | <u>5,072,781</u> | <u>27,742,452</u> |
| EXPENDITURES | | | |
| Current: | | | |
| 0011 Instruction | 12,336,750 | 1,235,826 | 13,572,576 |
| 0012 Instructional resources and media services | 276,528 | 7 | 276,535 |
| 0013 Curriculum and instructional staff development | 142,376 | 77,051 | 219,427 |
| 0021 Instructional leadership | 344,462 | - | 344,462 |
| 0023 School leadership | 1,205,913 | - | 1,205,913 |
| 0031 Guidance, counseling and evaluation services | 562,718 | 212,445 | 775,163 |
| 0033 Health services | 266,943 | 5,983 | 272,926 |
| 0034 Student (pupil) transportation | 804,521 | 143,540 | 948,061 |
| 0035 Food services | 635 | 1,220,915 | 1,221,550 |
| 0036 Extracurricular activities | 913,580 | 49,974 | 963,554 |
| 0041 General administration | 1,035,392 | - | 1,035,392 |
| 0051 Facilities maintenance and operations | 1,916,985 | 209,898 | 2,126,883 |
| 0052 Security and monitoring services | 223,750 | 27,000 | 250,750 |
| 0053 Data processing services | 183,219 | - | 183,219 |
| Debt service: | | | |
| 0071 Principal on long term debt | - | 1,185,000 | 1,185,000 |
| 0072 Interest on long term debt | - | 633,233 | 633,233 |
| 0073 Bond issuance costs and fees | - | 1,300 | 1,300 |
| Capital outlay: | | | |
| 0081 Facilities acquisition and construction | 1,084,263 | - | 1,084,263 |
| Intergovernmental: | | | |
| 0099 Other intergovernmental charges | <u>338,975</u> | <u>-</u> | <u>338,975</u> |
| 6030 Total expenditures | <u>21,637,010</u> | <u>5,002,172</u> | <u>26,639,182</u> |
| 1100 Excess (deficiency) of revenues over (under) expenditures | <u>1,032,661</u> | <u>70,609</u> | <u>1,103,270</u> |
| Other financing sources (uses) | | | |
| 7915 Transfers in | - | 31,125 | 31,125 |
| 8911 Transfers out | <u>(31,125)</u> | <u>-</u> | <u>(31,125)</u> |
| Total other financing sources (uses) | <u>(31,125)</u> | <u>31,125</u> | <u>-</u> |
| 1200 Net change in fund balances | <u>1,001,536</u> | <u>101,734</u> | <u>1,103,270</u> |
| 0100 Fund balance - Beginning | <u>14,939,856</u> | <u>1,309,667</u> | <u>16,249,523</u> |
| 3000 Fund balance - Ending | \$ <u>15,941,392</u> | \$ <u>1,411,401</u> | \$ <u>17,352,793</u> |

The accompanying notes are an integral part of this financial statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

| | |
|--|-------------------|
| Net change in fund balances - total governmental funds | \$ 1,103,270 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | (220,609) |
| Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds. | |
| Property taxes | 21,064 |
| School health and related services (SHARS) | 80,761 |
| Federal Emergency Management Agency (FEMA) | (87,866) |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayment during the fiscal year. | 1,185,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | |
| Amortization of premium and deferred loss on refunding of bonds payable | 33,431 |
| Accrued interest on long-term debt | (9,806) |
| Accreted interest on capital appreciation bonds | (5,882) |
| Workers' compensation liability | (876) |
| GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$383,244. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$422,868. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,022,201. The net result is a decrease in net position. | (1,061,825) |
| GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$129,304. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$122,296. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$194,627. The net result is a decrease in net position. | (187,619) |
| Change in net position of governmental activities | <u>\$ 849,043</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT E-1

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2020

| | Private- Purpose Trust Funds | Agency Fund |
|--------------------------------|------------------------------------|----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,635 | \$ 55,769 |
| Restricted assets | <u>75,000</u> | <u>-</u> |
| Total assets | <u>80,635</u> | <u>55,769</u> |
| LIABILITIES | | |
| Accounts payable | - | 2,836 |
| Due to student groups | <u>-</u> | <u>52,933</u> |
| Total liabilities | <u>-</u> | <u>55,769</u> |
| NET POSITION | | |
| Held in trust for scholarships | <u>80,635</u> | |
| Total net position | <u>\$ 80,635</u> | |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT E-2

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED AUGUST 31, 2020

| | <u>Private- Purpose Trust Funds</u> |
|-------------------------------|---|
| ADDITIONS | |
| Investment income | \$ <u>1,352</u> |
| Total additions | <u>1,352</u> |
| DEDUCTIONS | |
| Scholarship awards | <u>2,400</u> |
| Total deductions | <u>2,400</u> |
| CHANGE IN NET POSITION | (1,048) |
| Net position - Beginning | <u>81,683</u> |
| Net position - Ending | \$ <u>80,635</u> |

I. Summary of Significant Accounting Policies

The basic financial statements of Bellville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Board of School Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Measurement Focus, Basis of Accounting, and Financial Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Instructional Materials Allotment: This fund is used to account for revenues and expenditures related to the allotment for instructional materials. This fund is primarily on a reimbursement basis and has a program year that does not always coincide with the District's fiscal year.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for revenues and expenditures related to grant awards and entitlements from federal, state, and local agencies. These funds are primarily on a reimbursement basis and have a program year that does not always coincide with the District's fiscal year. Nearly all of these funds cannot carry a fund balance and, other than the food service fund, none of these funds are legally required to have an adopted budget.

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

1. Deposits and Investments

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments which have a remaining term of one year or less at time of purchase.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

3. Deferred Expenditures/Expenses

Deferred expenditures are payments made by the District in the current year that benefit the District in a future period. A corresponding portion of fund balance is shown as nonexpendable in governmental funds to indicate it is not available for other subsequent expenditures. Deferred items are recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental activities' column in the 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, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Life |
|------------------------------|-----------------------|
| Buildings and infrastructure | 30-50 |
| Building improvements | 20 |
| Vehicles | 2-18 |
| Equipment | 3-18 |

5. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions and changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government’s net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had two items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer’s contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

6. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

7. Defined Benefit Pension Plan

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.

8. Other Post-Employment Benefit Plans

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 other post-employment benefits, 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.

9. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

10. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and 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 financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumption

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.

12. Fund Balances - Governmental Funds

Non-spendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

13. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency ("TEA") in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base policy development and funding plans.

14. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2020 will change.

II. Detailed Notes on Activities and 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.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

Deposit risk of the District includes the following:

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. The District's cash deposits at August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

B. Other Receivables

Other receivables consist of \$15,862 outstanding café deposits in other governmental funds.

C. Capital Assets

Capital asset activity for the year ended August 31, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------------|-------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,462,020 | \$ - | \$ - | \$ 1,462,020 |
| Construction in progress | <u>-</u> | <u>515,875</u> | <u>-</u> | <u>515,875</u> |
| Total capital assets, not being depreciated | <u>1,462,020</u> | <u>515,875</u> | <u>-</u> | <u>1,977,895</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 46,678,040 | 527,279 | 71,460 | 47,133,859 |
| Equipment | 1,512,688 | 254,673 | 10,000 | 1,757,361 |
| Vehicles | <u>3,476,987</u> | <u>35,572</u> | <u>196,072</u> | <u>3,316,487</u> |
| Total capital assets, being depreciated | <u>51,667,715</u> | <u>817,524</u> | <u>277,532</u> | <u>52,207,707</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (18,627,510) | (1,226,349) | (71,460) | (19,782,399) |
| Equipment | (990,364) | (94,514) | (10,000) | (1,074,878) |
| Vehicles | <u>(2,172,581)</u> | <u>(218,815)</u> | <u>(181,742)</u> | <u>(2,209,654)</u> |
| Total accumulated depreciation | <u>(21,790,455)</u> | <u>(1,539,678)</u> | <u>(263,202)</u> | <u>(23,066,931)</u> |
| Total governmental activities capital assets, net | <u>\$ 31,339,280</u> | <u>\$ (206,279)</u> | <u>\$ 14,330</u> | <u>\$ 31,118,671</u> |

Depreciation was charged to functions as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| Instruction | \$ 747,678 |
| Instruction Resources & Media Services | 8,000 |
| Curriculum & Staff Development | 19,095 |
| School Leadership | 3,554 |
| Guidance, Counseling & Evaluation Services | 1,773 |
| Health Services | 2,703 |
| Student (Pupil) Transportation | 230,196 |
| Food Services | 22,041 |
| Extracurricular Activities | 143,486 |
| General Administration | 260 |
| Plant Maintenance & Operations | 337,271 |
| Security & Monitoring Services | 16,599 |
| Data Processing Services | <u>7,022</u> |
| Total depreciation expense | <u>\$ 1,539,678</u> |

D. Interfund Balances

Balances due to and due from other funds at August 31, 2020 consisted of the following:

| <u>Due To Fund</u> | <u>Due From Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|-----------------------|-----------------------|-------------------|------------------|
| Special revenue funds | General Fund | \$ 619,707 | Short-term loans |
| Special revenue funds | Special revenue funds | <u>37,886</u> | Short-term loans |
| Total | | <u>\$ 657,593</u> | |

E. Deferred Inflows of Resources – Unavailable Revenue

At year-end the District reported unavailable deferred inflows in the governmental funds for the following:

| | <u>General Fund</u> | <u>Debt Service Fund</u> |
|---|-------------------------|------------------------------|
| Property taxes | \$ 437,613 | \$ 67,493 |
| Federal emergency management agency (FEMA) grant | 343,611 | - |
| School health and related services (SHARS) cost reimbursement | <u>303,069</u> | <u>-</u> |
| Totals | <u>\$ 1,084,293</u> | <u>\$ 67,493</u> |

F. Long-Term Debt

Governmental long-term debt activity for the year ended August 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| <u>Governmental activities:</u> | | | | | |
| Unlimited tax refunding bonds, series 2013 | \$ 8,560,000 | \$ - | \$ 60,000 | \$ 8,500,000 | \$ 180,000 |
| Unlimited tax refunding bonds, series 2015 | 6,795,000 | - | 175,000 | 6,620,000 | 370,000 |
| Unlimited tax refunding bonds, series 2016 | 3,375,000 | - | 950,000 | 2,425,000 | 100,000 |
| Accreted interest on bonds | 186,142 | 5,882 | - | 192,024 | - |
| Issuance premium/discount | <u>1,710,980</u> | <u>-</u> | <u>97,232</u> | <u>1,613,748</u> | <u>-</u> |
| Total governmental activities | <u>\$ 20,627,122</u> | <u>\$ 5,882</u> | <u>\$ 1,282,232</u> | <u>\$ 19,350,772</u> | <u>\$ 650,000</u> |

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as unlimited tax refunding bonds and the interest rates on the bonds ranged from 2.0% to 4.0% for Series 2013 bonds; 1.6% to 4.0% for Series 2015 bonds; and 3.0% to 4.0% for Series 2016 bonds. Interest expense was \$633,233 for the year ended August 31, 2020.

The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund.

Debt service requirements on long-term debt at August 31, 2020 are as follows:

| Year Ended August 31, | Principal | Interest | Total Requirements |
|--------------------------|----------------------|---------------------|-----------------------|
| 2021 | \$ 650,000 | \$ 801,048 | \$ 1,451,048 |
| 2022 | 870,000 | 585,938 | 1,455,938 |
| 2023 | 900,000 | 555,138 | 1,455,138 |
| 2024 | 930,000 | 526,613 | 1,456,613 |
| 2025 | 955,000 | 500,088 | 1,455,088 |
| 2026-2030 | 5,300,000 | 1,980,625 | 7,280,625 |
| 2031-2035 | 6,325,000 | 948,231 | 7,273,231 |
| 2036-2037 | <u>1,615,000</u> | <u>40,100</u> | <u>1,655,100</u> |
| Totals | <u>\$ 17,545,000</u> | <u>\$ 5,937,779</u> | <u>\$ 23,482,779</u> |

G. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rent expenditures recognized by the District in the current year were \$87,407.

H. Committed Fund Balance

The District reported other committed fund balance on the governmental funds' balance sheet in the amount of \$1,724,949. The General Fund reported \$600,000 in residential placement and \$1,000,000 for stabilization to be used in emergency situations or when revenue shortages or budgetary imbalances arise. The Campus Activity Fund reported the amount of \$124,949 for activities at the various campuses.

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; 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 Texas. The pension formula is calculated using 2.3 percent (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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

| | Contribution Rates | |
|--|--------------------|------------|
| | 2019 | 2020 |
| Member | 7.7% | 7.7% |
| Non-employer contributing entity (State) | 6.8% | 7.5% |
| Employers | 6.8% | 7.5% |
| Current fiscal year employer contributions | | \$ 383,244 |
| Current fiscal year member contributions | | 1,159,054 |
| 2019 measurement year NECE on-behalf contributions | | 684,380 |

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational, and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect during fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

| | |
|--|-----------------------------|
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Long-Term Expected Investment Rate of Return | 7.25% |
| Inflation | 2.30% |
| Salary Increases Including Inflation | 3.05% to 9.05% |
| Payroll Growth Rate | 3.00% |
| Benefit Changes During the Year | None |
| Ad hoc Post Employment Benefit Changes | None |

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

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity 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 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

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

| Asset Class | 2019 Allocation ¹ | Long-Term New Target Allocation ² | Long-Term Expected Geometric Real Rate of Return ³ |
|--|---------------------------------|--|--|
| Global Equity | | | |
| U.S. | 18.00% | 18.00% | 6.40% |
| Non-U.S. Developed | 13.00% | 13.00% | 6.30% |
| Emerging Markets | 9.00% | 9.00% | 7.30% |
| Directional Hedge Funds | 4.00% | - | - |
| Private Equity | 13.00% | 14.00% | 8.40% |
| Stable Value | | | |
| U.S. Treasuries ⁴ | 11.00% | 16.00% | 3.10% |
| Stable Value Hedge Funds | 4.00% | 5.00% | 4.50% |
| Absolute Return | - | - | - |
| Real Return | | | |
| Global Inflation Linked Bonds ⁴ | 3.00% | - | 8.50% |
| Real Assets | 14.00% | 15.00% | 7.30% |
| Energy and Natural Resources | 5.00% | 6.00% | - |
| Commodities | - | - | - |
| Risk Parity | | | |
| Risk Parity | 5.00% | 8.00% | 5.80%/6.50% ⁵ |
| Leverage | | | |
| Cash | 1.00% | 2.00% | 2.50% |
| Asset Allocation Leverage | - | (6.00%) | 2.70% |
| Expected Return | 100.00% | 100.00% | 7.23% |

¹ Target allocations are based on the Strategic Asset Allocation as of FY2019

² New allocations are based on the Strategic Asset Allocation to be implemented FY2020

³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|--|--|--------------------------|--|
| District's proportionate share of net pension liability | \$ 9,653,796 | \$ 6,280,341 | \$ 3,547,191 |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At August 31, 2020, the District reported a liability of \$6,280,341 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|----------------------|
| District's proportionate share of the collective net pension liability | \$ 6,280,341 |
| State's proportionate share that is associated with the District | <u>10,164,716</u> |
| Total | <u>\$ 16,445,057</u> |

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019, the District's proportion of the collective net pension liability was 0.0120814983% which was an increase of 0.0003108608% from its proportion measured as of August 31, 2018.

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$3,041,803 and revenue of \$1,596,743 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual economic experience | \$ 26,383 | \$ 218,063 |
| Changes in actuarial assumptions | 1,948,470 | 805,200 |
| Difference between projected and actual investment earnings | 63,062 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 879,778 | 54 |
| Contributions paid to TRS subsequent to the measurement date | <u>383,244</u> | <u>-</u> |
| Total as of fiscal year-end | <u>\$ 3,300,937</u> | <u>\$ 1,023,317</u> |

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

| For the Year Ended August 31, | Pension Expense |
|-------------------------------------|--------------------|
| 2021 | \$ 519,217 |
| 2022 | 442,137 |
| 2023 | 460,174 |
| 2024 | 388,745 |
| 2025 | 135,239 |
| Thereafter | (51,136) |

K. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan that has a special funding situation. TRS-Care is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible 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 the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes; including automatic COLAs.

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

| | TRS-Care Monthly Premium Rates | |
|--|--------------------------------|--------------|
| | Medicare | Non-Medicare |
| 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 |

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan 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 of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

| | Contribution Rates | |
|--|--------------------|------------|
| | 2019 | 2020 |
| Active employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.00% | 1.25% |
| Employers | 0.55% | 0.75% |
| Federal/Private Funding Remitted by Employers | 1.25% | 1.25% |
| Current fiscal year employer contributions | | \$ 129,304 |
| Current fiscal year member contributions | | 97,843 |
| 2019 measurement year NECE on-behalf contributions | | 162,494 |

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

Actuarial Assumptions. The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions and other inputs, which were identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

| | |
|-------------------------------|-------------------------|
| Rates of Mortality | General Inflation |
| Rates of Retirement | Wage Inflation |
| Rates of Termination | Expected Payroll Growth |
| Rates of Disability Incidence | |

Additional Actuarial Methods and Assumptions

| | |
|--|--|
| Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Discount Rate | 2.63% as of August 31, 2019 |
| Aging Factors | Based on plan specific experience |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Projected Salary Increases | 3.05% to 9.05% |
| Healthcare Trend Rates | 4.50% to 10.25% |
| Election Rates | Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None |

Discount Rate. A single discount rate of 2.63% was used to measure the total OPEB liability. Here was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan 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 non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% more than the discount rate that was used 2.63% in measuring the Net OPEB Liability.

| | 1% Decrease in Discount Rate (1.63%) | Discount Rate (2.63%) | 1% Increase in Discount Rate (3.63%) |
|--|--|--------------------------|--|
| Proportionate share of net OPEB liability | \$ 9,838,446 | \$ 8,148,991 | \$ 6,827,328 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB. At August 31, 2020, the District reported a liability of \$8,148,991 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|----------------------|
| District’s proportionate share of the collective net OPEB liability | \$ 8,148,991 |
| State’s proportionate share that is associated with the District | <u>10,828,186</u> |
| Total | <u>\$ 18,977,177</u> |

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At the August 31, 2019, the District’s proportion of the collective net OPEB liability was 0.0172315068% which was an increase of 0.0003772908% from its proportion measured as of August 31, 2018.

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--|--------------|---------------------------------------|---------------|
| Proportionate share of net OPEB liability | \$ 6,647,661 | \$ 8,148,991 | \$ 10,160,083 |

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

In this valuation the impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$602,310 and revenue of \$285,387 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual actuarial experiences | \$ 399,777 | \$ 1,333,496 |
| Changes in actuarial assumptions | 452,613 | 2,191,878 |
| Differences between projected and actual investment earnings | 879 | - |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 704,178 | - |
| Contributions paid to OPEB subsequent to the measurement date | <u>129,304</u> | <u>-</u> |
| Total as of fiscal year-end | <u>\$ 1,686,751</u> | <u>\$ 3,525,374</u> |

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:

| For the Year Ended August 31, | OPEB Expense |
|----------------------------------|-----------------|
| 2021 | \$(353,256) |
| 2022 | (353,256) |
| 2023 | (353,540) |
| 2024 | (353,703) |
| 2025 | (353,662) |
| Thereafter | (200,510) |

L. Medicare Part D – On-behalf Payments

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 those provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$70,505, \$53,027, and \$41,793 were recognized for the years ended August 31, 2020, 2019, and 2018, respectively, as equal revenues and expenditures.

M. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

N. Commitments and Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

O. Shared Services Arrangements

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

The District participates in an SSA with numerous other school districts for educational services for students with a hearing impairment. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Katy Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for all of the financial activities of the SSA.

P. Workers' Compensation

During the year ended August 31, 2020, employees of the District were covered by a Workers' Compensation Plan (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator, Claims Administrative Services (CAS), acting on behalf of the self-funded pool, is renewable September 1, and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Midwest Employers Casualty, a commercial insurer licensed or eligible to do business in the state of Texas in accordance with Texas Insurance Code. Reinsurance coverage was in effect for individual claims exceeding \$1,000,000 and for aggregate claims with a statutory limit of \$5,000,000. According to CAS, the unfunded claim benefit obligation of \$2,952 included \$0 in estimated claims incurred, but not reported.

The claim liability is based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate of claims in which have been incurred, but not reported based on historical experience. Changes in the claim's liability for workers compensation benefits for the current and prior fiscal years are summarized below:

| | Fiscal Year | |
|---|-------------|----------|
| | 2020 | 2019 |
| Claims liability at beginning of year | \$ 4,037 | \$ 4,797 |
| Current year claims and estimated changes | 941 | (568) |
| Claims payments | (2,026) | (192) |
| Claims liability at year end | \$ 2,952 | \$ 4,037 |

During the year ended August 31, 2020, employees of the District were covered by a Workers' Compensation Plan (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator, Workers' Compensation Solutions (WCS), acting on behalf of the self-funded pool, is renewable September 1, and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through WCS, a commercial insurer licensed or eligible to do business in the state of Texas in accordance with Texas Insurance Code. According to WCS, the unfunded claim benefit obligation of \$2,961 included \$0 in estimated claims incurred, but not reported.

The claim liability is based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate of claims in which have been incurred, but not reported based on historical experience. Changes in the claim's liability for workers' compensation benefits for the current and prior fiscal years are summarized below:

| | Fiscal Year | |
|---|-------------|----------|
| | 2020 | 2019 |
| Claims liability at beginning of year | \$ 1,000 | \$ 3,041 |
| Current year claims and estimated changes | 27,942 | 6,983 |
| Claims payments | (25,981) | (9,024) |
| Claims liability at year end | \$ 2,961 | \$ 1,000 |

Q. Unemployment Compensation

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation Pool. For the year ended, August 31, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

R. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 84, *Fiduciary Activities* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the District in fiscal year 2021.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive or (Negative) | |
|---|---|----------------------|----------------------|--|---------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 15,170,746 | \$ 15,332,560 | \$ 15,075,461 | \$(257,099) |
| 5800 | State program | 7,591,248 | 7,591,248 | 7,268,683 | (322,565) |
| 5900 | Federal program | <u>270,000</u> | <u>270,000</u> | <u>325,527</u> | <u>55,527</u> |
| 5020 | Total revenues | <u>23,031,994</u> | <u>23,193,808</u> | <u>22,669,671</u> | <u>(524,137)</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 12,997,175 | 12,883,333 | 12,336,750 | 546,583 |
| 0012 | Instructional resources and media services | 290,598 | 290,798 | 276,528 | 14,270 |
| 0013 | Curriculum and instructional staff development | 176,261 | 176,261 | 142,376 | 33,885 |
| 0021 | Instructional leadership | 348,858 | 348,858 | 344,462 | 4,396 |
| 0023 | School leadership | 1,198,911 | 1,218,911 | 1,205,913 | 12,998 |
| 0031 | Guidance, counseling and evaluation services | 588,069 | 588,069 | 562,718 | 25,351 |
| 0033 | Health services | 252,453 | 272,453 | 266,943 | 5,510 |
| 0034 | Student (pupil) transportation | 1,121,853 | 1,121,853 | 804,521 | 317,332 |
| 0035 | Food services | 2,000 | 2,000 | 635 | 1,365 |
| 0036 | Extracurricular activities | 1,104,741 | 1,076,696 | 913,580 | 163,116 |
| 0041 | General administration | 1,155,230 | 1,214,093 | 1,035,392 | 178,701 |
| 0051 | Facilities maintenance and operations | 2,228,718 | 2,231,957 | 1,916,985 | 314,972 |
| 0052 | Security and monitoring services | 384,268 | 384,268 | 223,750 | 160,518 |
| 0053 | Data processing services | 203,941 | 203,941 | 183,219 | 20,722 |
| Capital Outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 623,581 | 1,276,886 | 1,084,263 | 192,623 |
| Intergovernmental: | | | | | |
| 0099 | Other intergovernmental charges | <u>355,337</u> | <u>355,337</u> | <u>338,975</u> | <u>16,362</u> |
| 6030 | Total expenditures | <u>23,031,994</u> | <u>23,645,714</u> | <u>21,637,010</u> | <u>2,008,704</u> |
| 1100 | Excess (deficiency) of revenues over (over) expenditures | <u>-</u> | <u>(451,906)</u> | <u>1,032,661</u> | <u>1,484,567</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | | |
| 8911 | Transfers out | <u>-</u> | <u>(100,000)</u> | <u>(31,125)</u> | <u>(68,875)</u> |
| | Total other financing sources (uses) | <u>-</u> | <u>(100,000)</u> | <u>(31,125)</u> | <u>(68,875)</u> |
| 1200 | Net change in fund balance | <u>-</u> | <u>(551,906)</u> | <u>1,001,536</u> | <u>1,415,692</u> |
| 0100 | Fund balance - Beginning | <u>14,939,856</u> | <u>14,939,856</u> | <u>14,939,856</u> | <u>-</u> |
| 3000 | Fund balance - Ending | <u>\$ 14,939,856</u> | <u>\$ 14,387,950</u> | <u>\$ 15,941,392</u> | <u>\$ 1,553,442</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2020

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund" and the other two reports are in Exhibit J-4 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Program" and J-5 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund."

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustments of operating costs; and year-end adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

BELLVILLE INDEPENDENT SCHOOL DISTRICTSCHEDULE TO THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

| Measurement Year Ended August 31, | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| District's proportion of the net pension liability (asset) | 0.0120815% | 0.0117706% |
| District's proportionate share of net pension liability (asset) | \$ 6,280,341 | \$ 6,478,845 |
| States proportionate share of the net pension liability (asset) associated with the District | <u>10,164,716</u> | <u>11,358,928</u> |
| Total | <u>\$ 16,445,057</u> | <u>\$ 17,837,773</u> |
| District's covered employee payroll | \$ 13,945,766 | \$ 13,697,434 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 45.03% | 47.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.24% | 73.74% |

Note: 10 years of information is required, but information prior to 2014 is not available.

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------|----------------------|----------------------|---------------------|
| 0.0113756% | 0.0105979% | 0.0099843% | 0.0050625% |
| \$ 3,637,316 | \$ 4,004,799 | \$ 3,529,317 | \$ 1,352,264 |
| <u>6,933,612</u> | <u>8,304,136</u> | <u>8,102,911</u> | <u>7,080,982</u> |
| <u>\$ 10,570,928</u> | <u>\$ 12,308,935</u> | <u>\$ 11,632,228</u> | <u>\$ 8,433,246</u> |
| \$ 13,357,225 | \$ 12,624,400 | \$ 11,875,312 | \$ 11,648,337 |
| 27.23% | 31.72% | 29.72% | 11.61% |
| 82.17% | 78.00% | 78.43% | 83.25% |

BELLVILLE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

| Fiscal Year Ended August 31, | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Contractually required contribution | \$ 383,244 | \$ 422,868 |
| Contribution in relation to the contractually required contribution | <u>(383,244)</u> | <u>(422,868)</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | \$ <u>-</u> |
| District's covered employee payroll | \$ 15,052,697 | \$ 13,945,766 |
| Contributions as a percentage of covered employee payroll | 2.55% | 3.03% |

Note: 10 years of information is required, but information prior to 2015 is not available.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------------|-------------------|-------------------|-------------------|
| \$ 398,574 | \$ 372,827 | \$ 336,723 | \$ 295,641 |
| <u>(398,574)</u> | <u>(372,827)</u> | <u>(336,723)</u> | <u>(295,641)</u> |
| \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| \$ 13,697,434 | \$ 13,357,225 | \$ 12,624,400 | \$ 11,875,312 |
| 2.91% | 2.79% | 2.67% | 2.49% |

BELLVILLE INDEPENDENT SCHOOL DISTRICT**DRAFT**
EXHIBIT G-4

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2020

| Measurement Year Ended August 31, | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|----------------------|
| District's proportion of the net OPEB liability (asset) | 0.0172315% | 0.0168542% | 0.0158220% |
| District's proportionate share of net OPEB liability (asset) \$ | 8,148,991 | \$ 8,415,464 | \$ 6,880,415 |
| States proportionate share of the net OPEB liability (asset) associated with the District | <u>10,828,186</u> | <u>11,434,886</u> | <u>10,379,859</u> |
| Total | <u>\$ 18,977,177</u> | <u>\$ 19,850,350</u> | <u>\$ 17,260,274</u> |
| District's covered employee payroll | \$ 13,945,766 | \$ 13,697,434 | \$ 13,357,225 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll | 58.43% | 61.44% | 51.51% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.66% | 1.57% | 0.91% |

Note: 10 years of information is required, but information prior to 2017 is not available.

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT G-5

**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2020

| Fiscal Year Ended August 31, | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 129,304 | \$ 122,296 | \$ 116,256 |
| Contribution in relation to the contractually required contribution | <u>(129,304)</u> | <u>(122,296)</u> | <u>(116,256)</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| District's covered employee payroll | \$ 15,052,697 | \$ 13,945,766 | \$ 13,697,434 |
| Contributions as a percentage of covered employee payroll | 0.86% | 0.88% | 0.85% |

Note: 10 years of information is required, but information prior to 2018 is not available.

COMBINING STATEMENTS

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

| Data Control Codes | | Special Revenue Funds | | |
|--------------------------------------|--|--|----------------------------------|------------------------------------|
| | | 211 ESEA I, A Improving Basic Program | 224 IDEA Part B Formula | 225 IDEA Part B Preschool |
| ASSETS | | | | |
| 1110 | Cash and cash equivalents | \$ 154,867 | \$ - | \$ - |
| 1220 | Property taxes - delinquent | - | - | - |
| 1230 | Allowance for uncollectible taxes | - | - | - |
| 1240 | Due from other governments | 57,247 | 22,905 | 944 |
| 1260 | Due from other funds | 37,886 | - | - |
| 1290 | Other receivables | - | - | - |
| 1000 | Total assets | <u>250,000</u> | <u>22,905</u> | <u>944</u> |
| LIABILITIES | | | | |
| 2110 | Accounts payable | - | - | - |
| 2160 | Accrued wages payable | - | - | - |
| 2170 | Due to other funds | 250,000 | 22,905 | 944 |
| 2200 | Accrued expenditures | - | - | - |
| 2310 | Unearned revenue | - | - | - |
| 2000 | Total liabilities | <u>250,000</u> | <u>22,905</u> | <u>944</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable revenue | - | - | - |
| 2600 | Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| 3480 | Retirement of long-term debt | - | - | - |
| 3490 | Museum | - | - | - |
| 3545 | Committed for campus activity | - | - | - |
| 3000 | Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total liabilities, deferred inflows and fund balances | <u>\$ 250,000</u> | <u>\$ 22,905</u> | <u>\$ 944</u> |

| Special Revenue Funds | | | | | |
|------------------------------------|---|---|---|---|--|
| 226 IDEA Part B High Cost | 240 National Breakfast and Lunch Program | 244 Career and Technical - Basic Grant | 255 ESEA II, A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 266 Elementary & Secondary School Emergency |
| \$ - | \$ 45,233 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 23,564 | - | 4,950 | - | 369,707 |
| - | - | - | - | - | - |
| - | 15,862 | - | - | - | - |
| <u>-</u> | <u>84,659</u> | <u>-</u> | <u>4,950</u> | <u>-</u> | <u>369,707</u> |
| - | - | - | - | - | - |
| - | 47,232 | - | - | - | - |
| - | 33,782 | - | - | - | - |
| - | - | - | 4,950 | - | 369,707 |
| - | 3,645 | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>84,659</u> | <u>-</u> | <u>4,950</u> | <u>-</u> | <u>369,707</u> |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| \$ - | \$ 84,659 | \$ - | \$ 4,950 | \$ - | \$ 369,707 |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

| Data Control Codes | | Special Revenue Funds | | |
|--------------------------------------|--|---|-----------------------|--------------------------------|
| | | 270 ESEA V, B Rural & Low Income Program | 272 MAC Program | 288 LEP Summer School |
| ASSETS | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - |
| 1220 | Property taxes - delinquent | - | - | - |
| 1230 | Allowance for uncollectible taxes | - | - | - |
| 1240 | Due from other governments | 4,544 | - | - |
| 1260 | Due from other funds | - | - | - |
| 1290 | Other receivables | - | - | - |
| 1000 | Total assets | <u>4,544</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | |
| 2110 | Accounts payable | - | - | - |
| 2160 | Accrued wages payable | - | - | - |
| 2170 | Due to other funds | 4,544 | - | - |
| 2200 | Accrued expenditures | - | - | - |
| 2310 | Unearned revenue | - | - | - |
| 2000 | Total liabilities | <u>4,544</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable revenue | - | - | - |
| 2600 | Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| 3480 | Retirement of long-term debt | - | - | - |
| 3490 | Museum | - | - | - |
| 3545 | Committed for campus activity | - | - | - |
| 3000 | Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total liabilities, deferred inflows and fund balances | <u>\$ 4,544</u> | <u>\$ -</u> | <u>\$ -</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT H-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

| Data Control Codes | | Special | Debt | Total Nonmajor Governmental Funds |
|--------------------------------------|--|----------------|---------------------|--|
| | | Revenue Funds | Service Fund | |
| | | 499 | 599 | |
| | | Museum Fund | Debt Service | |
| ASSETS | | | | |
| 1110 | Cash and cash equivalents | \$ 919 | \$ 1,276,669 | \$ 1,737,078 |
| 1220 | Property taxes - delinquent | - | 101,809 | 101,809 |
| 1230 | Allowance for uncollectible taxes | - | (25,452) | (25,452) |
| 1240 | Due from other governments | - | - | 517,654 |
| 1260 | Due from other funds | - | - | 37,886 |
| 1290 | Other receivables | - | - | 15,862 |
| 1000 | Total assets | <u>919</u> | <u>1,353,026</u> | <u>2,384,837</u> |
| LIABILITIES | | | | |
| 2110 | Accounts payable | - | - | 159,226 |
| 2160 | Accrued wages payable | - | - | 33,782 |
| 2170 | Due to other funds | - | - | 657,593 |
| 2200 | Accrued expenditures | - | - | 3,645 |
| 2310 | Unearned revenue | - | - | 51,697 |
| 2000 | Total liabilities | <u>-</u> | <u>-</u> | <u>905,943</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable revenue | - | 67,493 | 67,493 |
| 2600 | Total deferred inflows of resources | <u>-</u> | <u>67,493</u> | <u>67,493</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| 3480 | Retirement of long-term debt | - | 1,285,533 | 1,285,533 |
| 3490 | Museum | 919 | - | 919 |
| 3545 | Committed for campus activity | - | - | 124,949 |
| 3000 | Total fund balances | <u>919</u> | <u>1,285,533</u> | <u>1,411,401</u> |
| 4000 | Total liabilities, deferred inflows and fund balances | <u>\$ 919</u> | <u>\$ 1,353,026</u> | <u>\$ 2,384,837</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | | Special Revenue Funds | | |
|---------------------------------------|--|--|----------------------------------|------------------------------------|
| | | 211 ESEA I, A Improving Basic Program | 224 IDEA Part B Formula | 225 IDEA Part B Preschool |
| REVENUES | | | | |
| 5700 | Local and intermediate sources | \$ - | \$ - | \$ - |
| 5800 | State programs | - | - | - |
| 5900 | Federal programs | <u>517,494</u> | <u>410,719</u> | <u>7,853</u> |
| 5020 | Total revenues | <u>517,494</u> | <u>410,719</u> | <u>7,853</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| 0011 | Instruction | 517,494 | 141,729 | - |
| 0012 | Instructional resources and media services | - | - | - |
| 0013 | Curriculum and instructional staff development | - | 62,738 | 1,660 |
| 0031 | Guidance, counseling and evaluation services | - | 206,252 | 6,193 |
| 0033 | Health services | - | - | - |
| 0034 | Student (pupil) transportation | - | - | - |
| 0035 | Food services | - | - | - |
| 0036 | Extracurricular activities | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - |
| 0052 | Security and monitoring services | - | - | - |
| Debt service: | | | | |
| 0071 | Principal on long term debt | - | - | - |
| 0072 | Interest on long term debt | - | - | - |
| 0073 | Bond issuance costs and fees | - | - | - |
| 6030 | Total expenditures | <u>517,494</u> | <u>410,719</u> | <u>7,853</u> |
| 1100 | Excess (deficiency) of revenues over (under) (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| 7915 | Transfers in | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 0100 | Fund balance - September 1 (beginning) | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 | Fund balance - August 31 (ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| Special Revenue Funds | | | | | |
|------------------------------------|---|---|---|---|--|
| 226 IDEA Part B High Cost | 240 National Breakfast and Lunch Program | 244 Career and Technical - Basic Grant | 255 ESEA II, A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 266 Elementary & Secondary School Emergency |
| \$ - | \$ 423,025 | \$ - | \$ - | \$ - | \$ - |
| - | 5,243 | - | - | - | - |
| <u>250,602</u> | <u>654,014</u> | <u>26,049</u> | <u>62,281</u> | <u>7,168</u> | <u>369,707</u> |
| <u>250,602</u> | <u>1,082,282</u> | <u>26,049</u> | <u>62,281</u> | <u>7,168</u> | <u>369,707</u> |
| 250,602 | - | 26,049 | 62,281 | 7,168 | 16,269 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 1,220,915 | - | - | - | 143,540 |
| - | - | - | - | - | - |
| - | - | - | - | - | 209,898 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>250,602</u> | <u>1,220,915</u> | <u>26,049</u> | <u>62,281</u> | <u>7,168</u> | <u>369,707</u> |
| - | (138,633) | - | - | - | - |
| - | 31,125 | - | - | - | - |
| - | 31,125 | - | - | - | - |
| - | (107,508) | - | - | - | - |
| - | 107,508 | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | | Special Revenue Funds | | |
|---------------------------------------|--|---|-----------------------|--------------------------------|
| | | 270 ESEA V, B Rural & Low Income Program | 272 MAC Program | 288 LEP Summer School |
| REVENUES | | | | |
| 5700 | Local and intermediate sources | \$ - | \$ - | \$ - |
| 5800 | State programs | - | - | - |
| 5900 | Federal programs | <u>43,466</u> | <u>5,983</u> | <u>1,336</u> |
| 5020 | Total revenues | <u>43,466</u> | <u>5,983</u> | <u>1,336</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| 0011 | Instruction | 41,066 | - | 1,336 |
| 0012 | Instructional resources and media service | - | - | - |
| 0013 | Curriculum and instructional staff development | 2,400 | - | - |
| 0031 | Guidance, counseling and evaluation services | - | - | - |
| 0033 | Health services | - | 5,983 | - |
| 0034 | Student (pupil) transportation | - | - | - |
| 0035 | Food services | - | - | - |
| 0036 | Extracurricular activities | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - |
| 0052 | Security and monitoring services | - | - | - |
| Debt service: | | | | |
| 0071 | Principal on long term debt | - | - | - |
| 0072 | Interest on long term debt | - | - | - |
| 0073 | Bond issuance costs and fees | - | - | - |
| 6030 | Total expenditures | <u>43,466</u> | <u>5,983</u> | <u>1,336</u> |
| 1100 | Excess (deficiency) of revenues over (under) (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| 7915 | Transfers in | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 0100 | Fund balance - September 1 (beginning) | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 | Fund balance - August 31 (ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| Special Reveune Funds | | | | | | |
|----------------------------|---|--|--|--|--|------------------------------------|
| 289 Title IV, Part A | 385 Supplemental Visually Impaired | 392 Non-Educ. Community Based Support | 397 Advanced Placement Incentives | 410 Instructional Materials Allotment | 429 Other State Special Revenue Funds | 461 Campus Activity Funds |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 56,946 |
| - | 600 | - | - | 150,999 | 27,007 | - |
| <u>30,486</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>30,486</u> | <u>600</u> | <u>-</u> | <u>-</u> | <u>150,999</u> | <u>27,007</u> | <u>56,946</u> |
| 20,233 | 600 | - | - | 150,999 | - | - |
| - | - | - | - | - | 7 | - |
| 10,253 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 49,974 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 27,000 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>30,486</u> | <u>600</u> | <u>-</u> | <u>-</u> | <u>150,999</u> | <u>27,007</u> | <u>49,974</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,972</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,972</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>117,977</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 124,949</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-2 DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | | Special Revenue Funds 499 | Debt Service Fund 599 | Total Nonmajor Governmental Funds |
|---------------------------------------|--|---------------------------------|-----------------------------|--|
| Codes | | Museum Fund | Debt Service | |
| REVENUES | | | | |
| 5700 | Local and intermediate sources | \$ 50 | \$ 1,974,440 | \$ 2,454,461 |
| 5800 | State programs | - | 47,313 | 231,162 |
| 5900 | Federal programs | - | - | 2,387,158 |
| 5020 | Total revenues | 50 | 2,021,753 | 5,072,781 |
| EXPENDITURES | | | | |
| Current: | | | | |
| 0011 | Instruction | - | - | 1,235,826 |
| 0012 | Instructional resources and media services | - | - | 7 |
| 0013 | Curriculum and instructional staff development | - | - | 77,051 |
| 0031 | Guidance, counseling and evaluation services | - | - | 212,445 |
| 0033 | Health services | - | - | 5,983 |
| 0034 | Student (pupil) transportation | - | - | 143,540 |
| 0035 | Food services | - | - | 1,220,915 |
| 0036 | Extracurricular activities | - | - | 49,974 |
| 0051 | Facilities maintenance and operations | - | - | 209,898 |
| 0052 | Security and monitoring services | - | - | 27,000 |
| Debt service: | | | | |
| 0071 | Principal on long term debt | - | 1,185,000 | 1,185,000 |
| 0072 | Interest on long term debt | - | 633,233 | 633,233 |
| 0073 | Bond issuance costs and fees | - | 1,300 | 1,300 |
| 6030 | Total expenditures | - | 1,819,533 | 5,002,172 |
| 1100 | Excess (deficiency) of revenues over (under) (under) expenditures | 50 | 202,220 | 70,609 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 7915 | Transfers in | - | - | 31,125 |
| | Total other financing sources (uses) | - | - | 31,125 |
| 1200 | Net change in fund balances | 50 | 202,220 | 101,734 |
| 0100 | Fund balance - September 1 (beginning) | 869 | 1,083,313 | 1,309,667 |
| 3000 | Fund balance - August 31 (ending) | \$ 919 | \$ 1,285,533 | \$ 1,411,401 |

BELLVILLE INDEPENDENT SCHOOL DISTRICT**DRAFT**
EXHIBIT H-3COMING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

| | York Athletic Trust | Lisa Wise Memorial Scholarship | Totals |
|--------------------------------|---------------------------|--------------------------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,285 | \$ 2,350 | \$ 5,635 |
| Restricted assets | <u>75,000</u> | <u>-</u> | <u>75,000</u> |
| Total assets | <u>78,285</u> | <u>2,350</u> | <u>80,635</u> |
| LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Held in trust for scholarships | <u>78,285</u> | <u>2,350</u> | <u>80,635</u> |
| Total net position | <u>\$ 78,285</u> | <u>\$ 2,350</u> | <u>\$ 80,635</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-4 DRAFT

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

| | <u>York Athletic Trust</u> | <u>Lisa Wise Memorial Scholarship</u> | <u>Totals</u> |
|-------------------------------|------------------------------------|---|------------------|
| ADDITIONS | | | |
| Investment income | \$ <u>1,352</u> | \$ - | \$ <u>1,352</u> |
| Total additions | <u>1,352</u> | <u>-</u> | <u>1,352</u> |
| DEDUCTIONS | | | |
| Scholarship awards | <u>2,400</u> | <u>-</u> | <u>2,400</u> |
| Total deductions | <u>2,400</u> | <u>-</u> | <u>2,400</u> |
| CHANGE IN NET POSITION | (1,048) | - | (1,048) |
| Net position - Beginning | <u>79,333</u> | <u>2,350</u> | <u>81,683</u> |
| Net position - Ending | <u>\$ 78,285</u> | <u>\$ 2,350</u> | <u>\$ 80,635</u> |

REQUIRED TEA SCHEDULES

BELLVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2020

| Last Ten Years Ended August 31, | 1 | | 2 | 3 | 10 |
|------------------------------------|-------------|--------------|---|---|----------------------------------|
| | Tax Rates | | | Net Assessed/ Appraised Value for School Tax Purpose | Beginning Balance 9/1/2019 |
| | Maintenance | Debt Service | | | |
| 2011 and prior years | various | various | | various | \$ 83,413 |
| 2012 | 1.040000 | 0.220000 | | 993,816,253 | 19,491 |
| 2013 | 1.040000 | 0.220000 | | 1,049,472,287 | 28,387 |
| 2014 | 1.040000 | 0.220000 | | 1,050,487,509 | 36,356 |
| 2015 | 1.080000 | 0.180000 | | 1,097,894,277 | 42,777 |
| 2016 | 1.080000 | 0.180000 | | 1,067,500,810 | 51,578 |
| 2017 | 1.120000 | 0.140000 | | 1,140,066,320 | 77,283 |
| 2018 | 1.120000 | 0.140000 | | 1,204,650,952 | 96,391 |
| 2019 | 1.120000 | 0.140000 | | 1,299,912,381 | 241,365 |
| 2020 | 1.035900 | 0.140000 | | 1,395,028,506 | - |
| 1000 Totals | | | | | \$ <u>677,040</u> |

| 20 | 31 | 32 | 40 | 50 |
|--|--|---|--|---|
| <u>Current Year's Total Levy</u> | <u>Maintenance Total Collections</u> | <u>Debt Service Total Collections</u> | <u>Entire Year's Adjustments</u> | <u>Ending Balance 8/31/2020</u> |
| \$ - | \$ 3,011 | \$ 637 | \$(9,093) | \$ 70,672 |
| - | 1,216 | 257 | (45) | 17,973 |
| - | 4,130 | 874 | - | 23,383 |
| - | 5,322 | 1,125 | - | 29,909 |
| - | (23,363) | (4,942) | (35,000) | 36,082 |
| - | (2,746) | (458) | (9,219) | 45,563 |
| - | 7,262 | 1,210 | (4,930) | 63,881 |
| - | 21,791 | 2,724 | (4,510) | 67,366 |
| - | 116,282 | 14,535 | (2,227) | 108,321 |
| <u>16,404,140</u> | <u>14,148,179</u> | <u>1,912,101</u> | <u>(45,092)</u> | <u>298,768</u> |
| <u>\$ 16,404,140</u> | <u>\$ 14,281,084</u> | <u>\$ 1,928,063</u> | <u>\$(110,116)</u> | <u>\$ 761,918</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT J-4

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL- NATIONAL BREAKFAST AND LUNCH PROGRAM FUND
FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------|---|-------------------|-------------------|-------------------|---|
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 543,526 | \$ 543,526 | \$ 423,025 | \$(120,501) |
| 5800 | State program | 6,500 | 6,500 | 5,243 | (1,257) |
| 5900 | Federal program | <u>726,675</u> | <u>726,675</u> | <u>654,014</u> | <u>(72,661)</u> |
| 5020 | Total revenues | <u>1,276,701</u> | <u>1,276,701</u> | <u>1,082,282</u> | <u>(194,419)</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| 0035 | Food service | 1,264,415 | 1,264,415 | 1,220,915 | 43,500 |
| 0052 | Facilities maintenance and operations | <u>12,286</u> | <u>12,286</u> | <u>-</u> | <u>12,286</u> |
| 6030 | Total expenditures | <u>1,276,701</u> | <u>1,276,701</u> | <u>1,220,915</u> | <u>55,786</u> |
| 1100 | Excess (deficiency) of revenues over (over) expenditures | <u>-</u> | <u>-</u> | <u>(138,633)</u> | <u>138,633</u> |
| Other financing sources (uses) | | | | | |
| 7915 | Transfers in | <u>-</u> | <u>100,000</u> | <u>31,125</u> | <u>68,875</u> |
| | Total other financing sources (uses) | <u>-</u> | <u>100,000</u> | <u>31,125</u> | <u>68,875</u> |
| 1200 | Net change in fund balances | <u>-</u> | <u>100,000</u> | <u>(107,508)</u> | <u>(207,508)</u> |
| 0100 | Fund balance - Beginning | <u>107,508</u> | <u>107,508</u> | <u>107,508</u> | <u>-</u> |
| 3000 | Fund balance - Ending | \$ <u>107,508</u> | \$ <u>207,508</u> | \$ <u>-</u> | \$ <u>(207,508)</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT J-5

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------|--|---------------------|---------------------|---------------------|---|
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 1,786,853 | \$ 1,786,853 | \$ 1,974,440 | \$ 187,587 |
| 5800 | State program | <u>34,880</u> | <u>34,880</u> | <u>47,313</u> | <u>12,433</u> |
| 5020 | Total revenues | <u>1,821,733</u> | <u>1,821,733</u> | <u>2,021,753</u> | <u>200,020</u> |
| EXPENDITURES | | | | | |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | 1,185,000 | 1,185,000 | 1,185,000 | - |
| 0072 | Interest on long-term debt | 633,233 | 633,233 | 633,233 | - |
| 0073 | Bond issuance costs and fees | <u>3,500</u> | <u>3,500</u> | <u>1,300</u> | <u>2,200</u> |
| 6030 | Total expenditures | <u>1,821,733</u> | <u>1,821,733</u> | <u>1,819,533</u> | <u>2,200</u> |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | - | - | 202,220 | 202,220 |
| 0100 | Fund balance - Beginning | <u>1,083,313</u> | <u>1,083,313</u> | <u>1,083,313</u> | - |
| 3000 | Fund balance - Ending | \$ <u>1,083,313</u> | \$ <u>1,083,313</u> | \$ <u>1,285,533</u> | \$ <u>202,220</u> |

FEDERAL AWARDS AND OTHER COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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**

Board of Trustees
Bellville Independent School District
Bellville, Texas

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, each major fund, and the aggregate remaining fund information of Bellville Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Bellville Independent School District's basic financial statements, and have issued our report thereon dated November 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bellville Independent School 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 Bellville Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bellville Independent School 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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bellville Independent School 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
November 19, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees
Bellville Independent School District
Bellville, Texas

Report on Compliance for Each Major Federal Program

We have audited Bellville Independent School District’s compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Bellville Independent School District’s major federal programs for the year ended August 31, 2020. Bellville Independent School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Bellville Independent School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bellville Independent School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Bellville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

Waco, Texas
November 19, 2020

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

| (1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title | (2) Federal CFDA Number | (2A) Pass-through Entity Identifying Number | (3) Federal Expenditures |
|---|----------------------------------|--|--------------------------------|
| U . S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through the Texas Education Agency: | | | |
| School Breakfast Program (SBP) | 10.553 | 71401901 | \$ 15,765 |
| School Breakfast Program (SBP) | 10.553 | 71402001 | 73,427 |
| School Breakfast Program (SBP) - Seamless Summer Option - COVID-19 | 10.553 | 71402001 | 52,754 |
| National School Lunch Program (NSLP) | 10.555 | 71301901 | 58,830 |
| National School Lunch Program (NSLP) | 10.555 | 71302001 | 295,863 |
| National School Lunch Program (NSLP) - Seamless Summer Option - COVID-19 | 10.555 | 71302001 | <u>84,010</u> |
| Total Passed through the Texas Education Agency | | | <u>580,649</u> |
| Passed through the Texas Department of Agriculture: | | | |
| National School Lunch Program Commodities - Non-cash assistance | 10.555 | CE 00026 | <u>73,365</u> |
| Total Passed through the Texas Department of Agriculture | | | <u>73,365</u> |
| Total Child Nutrition Cluster | | | <u>654,014</u> |
| TOTAL U. S. DEPARTMENT OF AGRICULTURE | | | <u>654,014</u> |
| U. S. DEPARTMENT OF EDUCATION | | | |
| Passed through the Texas Education Agency: | | | |
| IDEA B Formula - Special Education Grants to States | 84.027 | 206600010089016000 | 410,719 |
| IDEA B High Cost | 84.027 | 66002006 | 250,602 |
| IDEA Preschool - Special Education Preschool Grants | 84.173 | 206610010089016000 | <u>7,853</u> |
| Total IDEA Cluster | | | <u>669,174</u> |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010 | 20610101008901 | 517,494 |
| Career and Technical Education - Basic Grant | 84.048 | 20420006008901 | 26,049 |
| Title V, Part B: Rural and Low-Income School Program | 84.358 | 202696001008901 | 43,466 |
| ESEA Title II, Part A - Teacher & Principal Training & Recruiting | 84.367 | 20694501008901 | 62,281 |
| Summer School LEP | 84.369 | 69551902 | 1,336 |
| Title IV, Part A | 84.424 | 20680101008901 | <u>30,486</u> |
| Total Passed through the Texas Education Agency | | | <u>1,350,286</u> |
| Passed through Education Service Center Region 6: | | | |
| Title III, Part A - English Language Acquisition | 84.365 | 20671001236950 | <u>7,168</u> |
| Subtotal for 84.365 | | | <u>7,168</u> |
| Total Passed through Educatin Service Center Region 6 | | | <u>7,168</u> |
| TOTAL U. S. DEPARTMENT OF EDUCATION | | | <u>1,357,454</u> |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Texas Health and Human Services Commission: | | | |
| Medicaid Administrative Claiming Program - MAC | 93.778 | 529-10-0054-00001 | <u>5,983</u> |
| Total Passed through Texas Health and Human Services Commission | | | <u>5,983</u> |
| TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>5,983</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ <u>2,017,451</u> |

BELLVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2020

GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Bellville Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| | |
|---|---------------------|
| Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3) | \$ 2,712,685 |
| Less: | |
| Elementary and Secondary School Emergency Relief (ESSER) Funds recognized as revenue in the financial statements, but not included on the SEFA due to notification of grant award occurring after year-end. | (369,707) |
| School health and related services revenue | <u>(325,527)</u> |
| Federal expenditures per the SEFA (Exhibit K-1) | <u>\$ 2,017,451</u> |

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

Summary of Auditor's Results

Financial Statements:

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: Material weakness(es) identified? | No |
| Significant deficiency(ies) identified, that were not considered a material weakness | None reported |
| Material noncompliance to the financial statements noted? | None |

Federal Awards:

| | |
|---|---------------|
| Internal control over major programs: Material weakness(es) identified? | No |
| Significant deficiency(ies) identified, that were not considered a material weakness | None reported |

| | |
|--|------------|
| Type of auditor's report on compliance for major programs | Unmodified |
|--|------------|

| | |
|---|------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | None |
|---|------|

| | |
|---|--|
| Identification of major programs: CFDA Numbers: 10.553 and 10.555 | Name of Federal Program or Cluster: Child Nutrition Cluster |
|---|--|

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

| | |
|--|-----|
| Auditee qualified as low-risk auditee? | Yes |
|--|-----|

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

BELLVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2020

None.

BELLVILLE INDEPENDENT SCHOOL DISTRICT

DRAFT
EXHIBIT L-1

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED AUGUST 31, 2020

| | | |
|-----|--|-------------------|
| 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 school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? | Yes |
| SF4 | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school 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 school 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 school district's fiscal year end? | Yes |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end. | <u>\$ 192,024</u> |