

**BEAUMONT INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**For the Fiscal Year Ended June 30, 2020**



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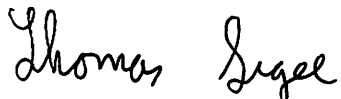
## **INTRODUCTORY SECTION**

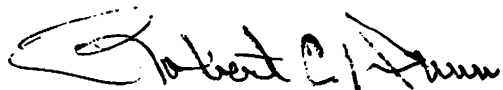


## CERTIFICATE OF BOARD

<u>Beaumont Independent School District</u> Name of School District	<u>Jefferson County</u> County	<u>123-910</u> Co. - Dist. No.
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We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the fiscal year ended June 30, 2020, at a meeting of the Board of Trustees of such school district on December 15, 2020.

  
\_\_\_\_\_  
President of the Board

  
\_\_\_\_\_  
Secretary of the Board





## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Beaumont Independent School District  
Beaumont, 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 Beaumont Independent School District (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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.

## Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020 and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 on pages 5 through 13, the budgetary comparison schedule and information on pages 65 and 66, and pension related information and other post-employment benefit information on pages 67 through 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information such as the combining and individual nonmajor fund financial statements, and required Texas Education Agency schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information described above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees  
Beaumont Independent School District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 9, 2020



## **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Beaumont Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

#### **Financial Highlights**

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$74,071,476 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$43,468,052). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2020. This recognition of such liabilities does not affect the financial stability of the District nor does it change how the District conducts its financial decision making. Rather, the District is reflecting its portion of the liabilities that the State of Texas manages and operates.

- The District's total net position at year end increased by \$15,447,336. The significant increase was mainly due to increase in operating grants and contributions, state aid, and insurance recoveries.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$81,286,596, an increase of \$6,426,516 in comparison with the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund of \$49,335,894 is 28 percent of total general fund expenditures. The assigned fund balance for the general fund of \$10,667,884 is for purchase order carryforwards.
- The District's total bonded debt decreased by \$19,895,000 (6 percent) during the current fiscal year. There was a cash defeasance in the amount of \$8,900,000 during fiscal year 2020. The par amount of the refunded bonds was \$8,410,000 of Unlimited Tax School Building Bonds, Series 2011.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

## **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

The *Government-wide financial statements* of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Debt Issuance Costs and Fees, Facilities Repairs and Maintenance, Payments to Fiscal Agent/Member Districts of SSA, and Other intergovernmental charges.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, all of which are considered to be major funds. Data from the nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and the Child Nutrition program special revenue fund.

### **Proprietary Fund**

The District maintains an individual internal service fund for Workers' Compensation. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.



# **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

### **Fiduciary Fund**

The fiduciary funds are used to account for resources held for the benefit of students and employees. The District's *agency funds* are used to account for resources held in a custodial capacity by the District and consist of funds that are the property of students or others. The fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. In addition, required supplementary information includes a schedule of the District's proportionate share of the Net Pension Liability - TRS, a schedule of District's contributions - TRS for the past six years, a schedule of the District's proportionate share of the Net OPEB Liability - TRS, and a schedule of the District's OPEB contributions for the past three years.

### **Other Information**

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

#### ***Net Position***

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,071,476 at the close of the most recent fiscal year.

The largest portion of the District's net position \$104,170,997 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

As of June 30, 2020, the District's net position included the following:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Current and other assets	\$ 122,626,568	\$ 107,276,111
Capital assets, net of depreciation and noncurrent assets	421,606,447	427,588,001
<b>Total Assets</b>	<b>544,233,015</b>	<b>534,864,112</b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding	4,368,225	4,436,277
Deferred outflows - pension	24,065,676	26,810,989
Deferred outflows - OPEB	12,274,679	10,567,107
<b>Total Deferred Outflows of Resources</b>	<b>40,708,580</b>	<b>41,814,373</b>
<b>Liabilities:</b>		
Current liabilities	36,939,341	28,279,377
Long term liabilities	436,407,694	463,235,190
<b>Total Liabilities</b>	<b>473,347,035</b>	<b>491,514,567</b>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows - pension	9,711,208	5,167,521
Deferred inflows - OPEB	27,811,876	21,372,257
<b>Total Deferred Inflows of Resources</b>	<b>37,523,084</b>	<b>26,539,778</b>
<b>Net Position:</b>		
Net investment in capital assets	104,170,997	88,287,601
Restricted	13,368,531	13,997,780
Unrestricted	(43,468,052)	(43,661,241)
<b>Total Net Position</b>	<b>\$ 74,071,476</b>	<b>\$ 58,624,140</b>

Net position is restricted for various purposes as follows:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Federal and state programs	\$ 3,437,590	\$ 3,778,458
Debt service	9,930,941	10,219,322
	<b>\$ 13,368,531</b>	<b>\$ 13,997,780</b>

Unrestricted net position for governmental activities is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. At the end of the current fiscal year, the District reports deficit balance in unrestricted net position of (\$43,468,052) caused by the net pension and OPEB liabilities. The District's net position increased by \$15,447,336 during the current fiscal year. This is due to the increase in operating grants and contributions revenue and total general revenues.

***Changes in Net Position***

The Net Position of the District increased by \$15.4 million for the year ended June 30, 2020. The total revenues from taxpayers, user service fees, grants and other sources for the District was \$256.3 million. The special item in the amount \$12.7 million was related to insurance proceeds and settlement for Tropical Storm Imelda. Total general revenues increased by \$23.3 million compared to fiscal year 2019 due to significant increase in state aid formula grants and insurance recoveries. Total expenses for the 2020 fiscal year were \$240.8 million or \$29.6 million more than expenses of fiscal year 2019.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Comparative Schedule of Changes in Net Position**

**For the Years Ended June 30, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Program Revenues</b>		
Charges for services	\$ 10,711,623	\$ 14,530,915
Operating grants and contributions	53,916,301	47,653,454
<b>General Revenues</b>		
Property taxes	136,622,319	134,130,692
State Aid - Formula Grants	38,525,938	28,612,562
Investment earnings	1,473,326	1,736,979
Extraordinary item - equitable allocation of indebtedness	-	652,154
Special items (insurance recoveries)	12,740,739	-
Other	2,290,211	3,267,136
<b>Total Revenues</b>	<b>256,280,457</b>	<b>230,583,892</b>
<b>Expenses</b>		
Instruction	112,504,553	106,010,597
Instructional resources and media services	1,636,918	1,525,253
Curriculum and staff development	861,363	1,179,418
Instructional leadership	7,690,716	6,831,502
School leadership	12,722,912	11,429,493
Guidance, counseling, and evaluation services	7,311,168	6,385,368
Social work services	743,782	573,942
Health services	2,541,825	2,402,109
Student transportation	6,484,974	6,779,364
Food service	10,483,398	11,066,087
Extracurricular activities	5,647,085	6,285,815
General administration	7,358,574	7,859,447
Plant, maintenance and operations	42,035,045	22,449,944
Security and monitoring services	3,689,273	2,918,104
Data processing services	4,017,430	2,135,563
Community services	1,129,462	818,188
Interest on long-term debt	12,119,057	12,989,427
Debt issuance costs and fees	5,135	5,635
Payments to fiscal agent/member districts of SSA	346,988	263,168
Payments to Juvenile Justice Alternative Education Programs	150,000	150,000
Other intergovernmental charges	1,353,463	1,139,537
<b>Total Expenses</b>	<b>240,833,121</b>	<b>211,197,961</b>
<b>Increase (Decrease) in Net Position</b>	<b>15,447,336</b>	<b>19,385,931</b>
<b>Beginning Net Position</b>	<b>58,624,140</b>	<b>39,238,209</b>
<b>Ending Net Position</b>	<b>\$ 74,071,476</b>	<b>\$ 58,624,140</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Activities**

Governmental activities increased the District's net position by \$15,447,336 for the year ended June 30, 2020. The increase was caused by the increase in operating grants and contributions, state aid, and insurance recoveries. Property tax revenues increased by \$2.5 million due to the increase in property values. State and other grant revenue increased by \$9.9 million mainly due to the increase in state funding. Approximately 53 percent of the District's revenues came from property taxes, with an additional 15 percent derived from state funding formulas. Last fiscal year, 58 percent of the District's revenues came from property taxes and 12 percent came from state funding formulas.

**Governmental Revenues by Type**

Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent of total revenues. The remaining is generated from charges for services, investment earnings, extraordinary item, and other revenues.

	<b>Total Revenues</b>	<b>% of Total Revenues</b>
Property taxes	\$ 136,622,319	53.3%
State Aid - Formula Grants	38,525,938	15.0%
Operating grants and contributions	53,916,301	21.0%
Charges for services	10,711,623	4.2%
Investment earnings	1,473,326	0.6%
Special items (insurance recoveries)	12,740,739	5.0%
Other revenue	2,290,211	0.9%
<b>Total Revenues</b>	<b>\$ 256,280,457</b>	<b>100%</b>

Fiscal year 2020 expenses are \$29.6 million more than fiscal year 2019. Approximately 47 percent of the District's expenses were expended for instructional activities. When combined with student and other support services such as transportation, counseling and nursing, 76 percent of the District's expenses were spent on direct student services.

**Governmental Expenses by Type**

The primary functional expenses of the District are instruction, school leadership, food service, plant maintenance and operations and interest expense, which represent 79% or adj\$189.9 million of total expenses. The remaining functional categories of expenses are each less than 4 percent of total expenses.

	<b>Total Expenses</b>	<b>% of Total Expenses</b>
Instruction	\$ 112,504,553	46.7%
School Leadership	12,722,912	5.3%
Food service	10,483,398	4.4%
Plant, maintenance and operations	42,035,045	17.5%
Interest expense	12,119,057	5.0%
Other expenses	50,968,156	21.2%
<b>Total Expenses</b>	<b>\$ 240,833,121</b>	<b>100%</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances increase of \$6,426,516 in comparison with the prior year. The increase in ending governmental fund balances is primarily due an increase in the General Fund balance.

The *general fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$49,335,894, while total fund balance reached \$63,723,154. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 37 percent of that same amount. The assigned fund balance of \$10,667,884 which is 6% of total general fund expenditures is for purchase order carryforwards. The fund balance of the District's general fund increased by \$7,528,434 during the current fiscal year, due to revenues being higher than expenditures.

The *debt service fund* has a total fund balance of \$13,803,775, all of which is restricted for the retirement of funded indebtedness. The net decrease in fund balance during the current year of \$649,232 was due to total principal and interest expenditures being higher than revenues.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	<b>Budget</b>	
	<b>Original</b>	<b>Final Amended</b>
Total revenues	\$ 162,488,633	\$ 170,429,856
Total expenditures	162,513,633	192,935,866
Total other financing sources (uses)	25,000	2,369,308
Total special item	-	12,700,099
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (7,436,603)</b>

The review of the final amended budget versus actual for the general fund reflected that expenditures were less than budgetary estimates. Budgetary estimates for the general fund related to state program revenues were more than actual amounts.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Long-term Liabilities**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2020 includes land, buildings and improvements, furniture and equipment, and construction in progress. The investment in capital assets for the current year was 14,629,579 21,205,122 . The following table summarizes the investment in capital assets as of June 30, 2020 and June 30, 2019:

	<b>2020</b>	<b>2019</b>
Land	\$ 14,484,184	\$ 14,484,184
Buildings and improvements	535,930,278	534,995,475
Furniture and equipment	14,629,579	13,426,567
Vehicles	21,205,122	24,275,959
Construction in progress	3,113,736	629,254
<b>Total</b>	<b>589,362,899</b>	<b>587,811,439</b>
Accumulated depreciation	(167,756,452)	(160,223,438)
<b>Net capital assets</b>	<b>\$ 421,606,447</b>	<b>\$ 427,588,001</b>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-term Liabilities**

At the end of the current fiscal year, the District had \$296,485,000 in bonded debt outstanding, a decrease of \$19,895,000 over the previous year. The District's bonds are sold and guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "BBB+" and from Moody's Investors Service is "Baa1" for general obligation debt.

Changes in general obligation bonds, for the fiscal year ended June 30, 2020 are as follows:

<b>Outstanding 07/01/19</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding 06/30/20</b>
\$ 316,380,000	\$ -	\$ (19,895,000)	\$ 296,485,000

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Economic Factors and Next Year's Budgets and Rates**

The Beaumont Independent School District adopted the following for 2020-2021:

- The maintenance and operations tax rate for fiscal year 2020-2021 is \$0.9664 while the debt service tax rate is \$.25405 for a total tax rate of \$1.22045.
- The District adopted a General Fund budget for the year ended June 30, 2021 of \$170.6 million in revenues and expenditures.
- The Debt Service revenues are budgeted for \$33.4 million and expenditures are budgeted for \$33.4 million.
- The Child Nutrition budget is set for \$12.0 million in revenues and \$13.0 million in expenditures.

The District continues its efforts to rebuild fund balance while simultaneously adding programs and initiatives in an effort to promote student achievement.

At the August 20, 2020 regular meeting, the Board appointed Matilda "Tillie" Hickman to the vacant trustee position District no. 5.

On July 11, 2019, the District received a notification from the Texas Education Agency of the reactivation of the appointment of the monitor to the District which had been in a suspended status. The role of the monitor was elevated to conservator to facilitate the transition of the full return of governance of the District to the elected Board of Trustees in February 2020.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Beaumont Independent School District Beaumont Independent School District, 3395 Harrison Avenue, Beaumont, Texas 77706.





## **BASIC FINANCIAL STATEMENTS**

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

*Exhibit A-1*

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 100,502,585
1220	Property taxes receivables, net	6,378,795
1240	Due from other governments	11,364,357
1290	Other receivables, net	443,815
1300	Inventories	78,700
1410	Prepaid items	3,858,316
	<b>Capital assets not subject to depreciation:</b>	
1510	Land	14,484,184
1580	Construction in progress	3,113,736
	<b>Capital assets net of depreciation:</b>	
1520	Buildings and improvements, net	390,313,773
1530	Furniture and equipment, net	3,667,399
1531	Vehicles, net	10,027,355
<b>1000</b>	<b>Total Assets</b>	<b>544,233,015</b>
	<b>Deferred outflows of resources</b>	
	Deferred charge on refunding	4,368,225
	Deferred outflows - pension	24,065,676
	Deferred outflows - OPEB	12,274,679
<b>1700</b>	<b>Total deferred outflows of resources</b>	<b>40,708,580</b>
	<b>Liabilities</b>	
2110	Accounts payable	9,076,723
2140	Interest payable	4,533,364
2150	Payroll deductions and withholdings	2,032,333
2160	Accrued wages payable	14,515,166
2180	Due to other governments	4,155,012
2300	Unearned revenue	2,626,743
	<b>Noncurrent Liabilities:</b>	
2501	Due within one year	14,985,535
2502	Due in more than one year	310,202,386
2540	Net Pension Liability	46,931,929
2545	Net Other Post-Employment Benefits (OPEB) Obligation	64,287,844
<b>2000</b>	<b>Total Liabilities</b>	<b>473,347,035</b>
	<b>Deferred Inflows of Resources</b>	
	Deferred inflows - pension	9,711,208
	Deferred inflows - OPEB	27,811,876
<b>2600</b>	<b>Deferred Inflows of Resources</b>	<b>37,523,084</b>
	<b>Net Position</b>	
3200	Net investment in capital assets	104,170,997
	<b>Restricted for:</b>	
3820	Federal and state programs	3,437,590
3850	Debt service	9,930,941
3900	Unrestricted	(43,468,052)
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 74,071,476</b>

***Exhibit B-1***

				Net (Expense)	
				Revenue and	
				Changes in Net	
				Position	
				Primary	
				Government	
Data Control Codes	Functions/Programs	Program Revenue			Governmental Activities
		Expenses	Charges for Services	Operating Grants and Contributions	
	<b>Governmental activities:</b>				
11	Instruction	\$ 112,504,553	\$ 9,471,022	\$ 26,400,786	\$ (76,632,745)
12	Instructional resources and media services	1,636,918	2,491	180,197	(1,454,230)
13	Curriculum and staff development	861,363	-	445,868	(415,495)
21	Instructional leadership	7,690,716	166	3,609,270	(4,081,280)
23	School leadership	12,722,912	275,824	1,494,443	(10,952,645)
31	Guidance, counseling, and evaluation services	7,311,168	-	1,695,988	(5,615,180)
32	Social work services	743,782	130	414,075	(329,577)
33	Health services	2,541,825	-	2,080,050	(461,775)
34	Student transportation	6,484,974	-	2,148,651	(4,336,323)
35	Food service	10,483,398	541,180	8,952,427	(989,791)
36	Extracurricular activities	5,647,085	277,120	460,760	(4,909,205)
41	General administration	7,358,574	16,867	1,552,056	(5,789,651)
51	Facilities maintenance and operations	42,035,045	63,004	1,206,647	(40,765,394)
52	Security and monitoring services	3,689,273	-	297,122	(3,392,151)
53	Data processing services	4,017,430	-	823,258	(3,194,172)
61	Community services	1,129,462	63,819	976,640	(89,003)
72	Interest on long-term debt	12,119,057	-	481,182	(11,637,875)
73	Debt issuance costs and fees	5,135	-	-	(5,135)
81	Facilities planning	-	-	696,881	696,881
93	Payments to fiscal agent/member districts of SSA	346,988	-	-	(346,988)
95	Payments to Juvenile Justice Alternative Education Programs	150,000	-	-	(150,000)
99	Other intergovernmental charges	1,353,463	-	-	(1,353,463)
<b>TG</b>	<b>Total governmental activities</b>	<b>\$ 240,833,121</b>	<b>\$ 10,711,623</b>	<b>\$ 53,916,301</b>	<b>(176,205,197)</b>
<b>Data Control Codes</b>					
		<b>General revenues:</b>			
		<b>Taxes:</b>			
<b>MT</b>	Property taxes, levied for general purposes				104,705,257
<b>DT</b>	Property taxes, levied for debt service				31,917,062
<b>SF</b>	State-aid formula grants				38,525,938
<b>IE</b>	Investment earnings				1,473,326
<b>MI</b>	Miscellaneous				2,290,211
<b>SI</b>	Special items (insurance recoveries)				12,740,739
<b>TR</b>	Total general revenues				191,652,533
<b>CN</b>	Change in net position				15,447,336
<b>NB</b>	Net position - beginning				58,624,140
<b>NE</b>	Net position - ending				\$ 74,071,476

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

**Exhibit C-1**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>Assets</b>				
1110	Cash and Cash Equivalents	\$ 84,587,020	\$ 12,420,274	\$ 2,765,639	\$ 99,772,933
	<b>Receivables:</b>				
1220	Property taxes - delinquent	17,013,271	4,828,035	-	21,841,306
1230	Allowance for uncollectible taxes (credit)	(11,475,145)	(3,987,366)	-	(15,462,511)
1240	Receivables from other governments	2,387,257	-	8,977,100	11,364,357
1260	Due from other funds	10,584,413	1,099,536	6,313,481	17,997,430
1290	Other receivables	349,431	94,326	58	443,815
1300	Inventories	-	-	78,700	78,700
1410	Prepaid items	3,719,376	9,500	-	3,728,876
<b>1000</b>	<b>Total Assets</b>	<b>\$ 107,165,623</b>	<b>\$ 14,464,305</b>	<b>\$ 18,134,978</b>	<b>\$ 139,764,906</b>
	<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
	<b>Liabilities</b>				
2110	Accounts payable	\$ 5,124,687	\$ -	\$ 2,249,011	\$ 7,373,698
2150	Payroll deduction and withholdings	1,950,228	-	82,105	2,032,333
2160	Accrued wages payable	12,655,100	-	1,860,066	14,515,166
2170	Due to other funds	14,727,956	-	7,546,427	22,274,383
2180	Payable to other governments	4,144,053	-	10,959	4,155,012
2300	Unearned revenue	-	-	2,626,743	2,626,743
<b>2000</b>	<b>Total Liabilities</b>	<b>38,602,024</b>	<b>-</b>	<b>14,375,311</b>	<b>52,977,335</b>
	<b>Deferred Inflows of Resources</b>				
	Unavailable revenues - property taxes	4,840,445	660,530	-	5,500,975
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>4,840,445</b>	<b>660,530</b>	<b>-</b>	<b>5,500,975</b>
	<b>Fund Balance</b>				
	<b>Non-Spendable:</b>				
3430	Prepaid items	3,719,376	9,500	-	3,728,876
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	3,437,590	3,437,590
3480	Retirement of long-term debt	-	13,794,275	-	13,794,275
	<b>Committed:</b>				
3545	Other purposes	-	-	322,077	322,077
	<b>Assigned</b>				
3590	Other purposes	10,667,884	-	-	10,667,884
3600	Unassigned	49,335,894	-	-	49,335,894
<b>3000</b>	<b>Total fund balances</b>	<b>63,723,154</b>	<b>13,803,775</b>	<b>3,759,667</b>	<b>81,286,596</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 107,165,623</b>	<b>\$ 14,464,305</b>	<b>\$ 18,134,978</b>	<b>\$ 139,764,906</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**STATEMENT OF NET POSITION**  
*June 30, 2020*

*Exhibit C-2*

<b>Data Control Codes</b>	<b>Total fund balance, governmental funds</b>	<b>\$ 81,286,596</b>
	Amounts reported for governmental activities in the statement of net position are different because:	
<b>1</b>	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	421,606,447
<b>2</b>	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	5,500,975
<b>3</b>	Deferred charge on refunding	4,368,225
<b>4</b>	Deferred outflows relating to pension activities	24,065,676
<b>5</b>	Deferred outflows relating to other post employment benefits	12,274,679
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
<b>6</b>	General obligation bonds	(296,485,000)
<b>7</b>	Premium/Discount on issuance	(18,172,763)
<b>8</b>	Accumulated accretion on capital appreciation bonds	(1,333,190)
<b>9</b>	Capital leases payable	(7,145,912)
<b>10</b>	Accrued compensated absences	(2,051,056)
<b>11</b>	Accrued interest payable	(4,533,364)
<b>12</b>	Net pension liability	(46,931,929)
<b>13</b>	Net other post employment benefit liability	(64,287,844)
<b>14</b>	Deferred inflows relating to pension activities	(9,711,208)
<b>15</b>	Deferred inflows relating to other post employment benefits	(27,811,876)
<b>16</b>	Addition of Internal Service fund net position (see D-1)	<u>3,433,020</u>
<b>19</b>	<b>Total net position-governmental activities</b>	<u><u>\$ 74,071,476</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit C-3**

Data Control Codes		General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 115,934,474	\$ 32,059,586	\$ 2,660,789	\$ 150,654,849
5800	State program revenues	46,111,933	481,182	3,301,552	49,894,667
5900	Federal program revenues	3,825,905	-	29,698,632	33,524,537
<b>5020</b>	<b>Total revenues</b>	<b>165,872,312</b>	<b>32,540,768</b>	<b>35,660,973</b>	<b>234,074,053</b>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	82,021,320	-	16,088,866	98,110,186
0012	Instruction resources and media services	1,373,645	-	47,918	1,421,563
0013	Curriculum and instructional staff development	391,947	-	445,868	837,815
0021	Instructional leadership	3,571,383	-	3,153,454	6,724,837
0023	School leadership	10,358,320	-	711,499	11,069,819
0031	Guidance, counseling and evaluation services	5,302,340	-	1,054,186	6,356,526
0032	Social work services	258,642	-	382,765	641,407
0033	Health services	1,998,825	-	221,573	2,220,398
0034	Student transportation	4,991,284	-	1,463,785	6,455,069
0035	Food services	-	-	9,752,565	9,752,565
0036	Extracurricular activities	5,240,659	-	49,077	5,289,736
0041	General administration	6,387,865	-	22,867	6,410,732
0051	Facilities maintenance and operations	38,691,649	-	383,370	39,075,019
0052	Security and monitoring services	3,414,003	-	-	3,414,003
0053	Data processing services	3,229,528	-	610,922	3,840,450
0061	Community services	83,148	-	976,598	1,059,746
<b>Debt service:</b>					
0071	Principal on long-term debt	933,692	19,895,500	-	20,829,192
0072	Interest on long-term debt	181,272	13,289,365	-	13,470,637
0073	Debt issuance costs and fees	-	5,135	-	5,135
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	3,213,506	-	779,265	3,992,771
<b>Intergovernmental:</b>					
0093	Payments to Fiscal Agent/Member Districts of SSA	346,988	-	-	346,988
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	150,000	-	-	150,000
0099	Other intergovernmental charges	1,353,463	-	-	1,353,463
<b>6030</b>	<b>Total Expenditures</b>	<b>173,493,479</b>	<b>33,190,000</b>	<b>36,144,578</b>	<b>242,828,057</b>
1100	Excess (deficiency) of revenues over expenditures	(7,621,167)	(649,232)	(483,605)	(8,754,004)
<b>Other Financing Sources (Uses)</b>					
7912	Sale of real or personal property	2,408,862	-	30,919	2,439,781
<b>7080</b>	<b>Total other financing sources (uses)</b>	<b>2,408,862</b>	<b>-</b>	<b>30,919</b>	<b>2,439,781</b>
<b>Special Item</b>					
7918	Special items (insurance recoveries)	12,740,739	-	-	12,740,739
<b>8080</b>	<b>Total special items</b>	<b>12,740,739</b>	<b>-</b>	<b>-</b>	<b>12,740,739</b>
1200	Net change in fund balances	7,528,434	(649,232)	(452,686)	6,426,516
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	<b>56,194,720</b>	<b>14,453,007</b>	<b>4,212,353</b>	<b>74,860,080</b>
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<b>\$ 63,723,154</b>	<b>\$ 13,803,775</b>	<b>\$ 3,759,667</b>	<b>\$ 81,286,596</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

**Exhibit C-4**

<b>Data Control Codes</b>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 6,426,516
	Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) 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.	
1	Governmental funds capital outlays	5,982,527
2	Governmental funds depreciation expense	(11,964,081)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(171,103)
5	Pension contributions made after the net pension liability date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position.	4,159,525
6	OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in OPEB liability as opposed to expenses in the statement of activity	975,874
7	Repayment of long-term debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	19,895,000
8	Repayment of capital lease is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	933,692
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
9	Decrease in interest payable not recognized in fund statements	346,924
10	Decrease in accrued compensated absences	18,274
11	Amortization of premium/discount	1,104,310
12	Increase in accumulated accretion on capital appreciation bonds	(31,102)
13	Amortization of deferred charge on refunding	(68,052)
14	Pension expense for the pension plan measurement year	(9,839,158)
15	OPEB expense for the current fiscal year	(2,409,967)
16	Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	88,157
	<b>Change in net position of governmental activities (see B-1)</b>	<b>\$ 15,447,336</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

*Exhibit D-1*

<b>Data Control Codes</b>		<b>Governmental Activities - Internal Service Fund</b>
	<b>Assets</b>	
	<b>Current Assets:</b>	
1110	Cash and cash equivalents	\$ 729,652
1260	Due from other funds	4,276,953
1410	Prepaid Items	129,440
	<b>Total Current Assets</b>	<b>5,136,045</b>
1000	<b>Total Assets</b>	<b>5,136,045</b>
	<b>Liabilities</b>	
	<b>Current Liabilities:</b>	
2200	Accrued expenses	1,703,025
	<b>Total Current Liabilities</b>	<b>1,703,025</b>
2000	<b>Total Liabilities</b>	<b>1,703,025</b>
	<b>Net Position</b>	
3900	Unrestricted net position	3,433,020
3000	<b>Total Net Position</b>	<b>\$ 3,433,020</b>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2020*

*Exhibit D-2*

<b>Data Control Codes</b>		<b>Governmental Activities - Internal Service Fund</b>
	<b>Operating Revenues</b>	
5700	Miscellaneous revenue from local sources	\$ 122,448
5754	Interfund services provided	703,685
5020	<b>Total Operating Revenues</b>	<u>826,133</u>
	<b>Operating Expenses</b>	
6400	Claims expense and other operating expenses	<u>737,976</u>
6030	<b>Total Operating Expenses</b>	<u>737,976</u>
1200	Change in Net Position	88,157
0100	<b>Net Position - July 1 (Beginning)</b>	<u>3,344,863</u>
3300	<b>Net Position - June 30 (Ending)</b>	<u><u>\$ 3,433,020</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2020*

*Exhibit D-3*

	<b>Governmental Activities - Internal Service Fund</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from interfund services provided	\$ 798,877
Cash payments for insurance claims	(805,623)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(6,746)</u>
 Net change in Cash and Cash Equivalents	 (6,746)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>736,398</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 729,652</u></u>
 <b>Reconciliation to Balance Sheet</b>	
Cash and Cash Equivalents Per Cash Flow	<u>\$ 729,652</u>
 Cash and Cash Equivalents per Balance Sheet	<u><u>\$ 729,652</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 88,157
Change in Assets and Liabilities:	
Decrease (increase) in Interfund Receivables	(27,256)
Increase (decrease) in Accrued Expenses	<u>(67,647)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u><u>\$ (6,746)</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AND NET POSITION**  
*June 30, 2020*

*Exhibit E-1*

<b>Data Control Codes</b>		<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
	<b>Assets</b>		
	Current Assets		
1110	Cash and cash equivalents	\$ 54,921	\$ 326,368
	<b>Receivables:</b>		
1290	Other receivables	5,733	30,293
<b>1000</b>	<b>Total Assets</b>	<u>60,654</u>	<u>\$ 356,661</u>
	<b>Liabilities</b>		
	Current Liabilities		
2110	Accounts payable	10,000	\$ 2,636
2190	Due to student groups	-	354,025
<b>2000</b>	<b>Total Liabilities</b>	<u>10,000</u>	<u>\$ 356,661</u>
	<b>Net Position</b>		
3800	Restricted	<u>\$ 50,654</u>	

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2020*

*Exhibit E-2*

	<b>Private Purpose Trust Funds</b>
<b>Additions</b>	
Gifts and contributions	\$ 10,000
<b>Total additions</b>	<u>10,000</u>
<b>Deductions</b>	
Non-operating expenses	<u>14,500</u>
<b>Total deductions</b>	<u>14,500</u>
Change in net position	(4,500)
<b>Net position beginning of year</b>	<u>55,154</u>
<b>Net position end of year</b>	<u><u>\$ 50,654</u></u>

**Note 1 - Summary of Significant Accounting Policies**

The Beaumont Independent School District (the “District”) is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

**A. Reporting Entity**

The District’s Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is considered an independent entity for financial reporting purposes, and is considered a primary government as defined by GASB. As the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other, type of reporting entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements while the agency funds have no measurement of focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District reports the following major governmental funds:

- The General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.

The District reports the following nonmajor governmental funds:

- Special Revenue Funds - These funds account for resources restricted to or committed for specific purposes by a grantor, or for resources that are committed for specific purposes by the Board. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Additionally, the District reports the following fund types:

- Internal Service Funds - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District operates the Workers' Compensation internal service fund.
- Private purpose trust funds – These funds are used to account for donations for scholarships funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.
- Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities, and this fund does not include measurements or results of operations. The District's Agency Fund is the Student Activity.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District's investment pools are valued and reported at amortized cost, which approximates fair value. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 located in the District 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 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

**F. Inventories and Prepaid Items**

Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities which are received at no cost are recorded as revenue at market value supplied by the Texas Department of Agriculture when received, and as expenditure when consumed. At year end, the commodities inventory is recorded to inventory. A portion of fund balance is classified as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Capital Assets**

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

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.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**G. Capital Assets (continued)**

Buildings, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	20 - 60
Buildings and Improvements	*
Furniture and Equipment	5 - 10
Automobiles and Trucks	3 - 5
Buses	10 - 12

\* Remaining life of building or 20 years whichever is less

**H. Compensated Absences**

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

The District has a vacation pay policy for twelve-month employees whereby eligible employees hired prior to July 1, 2001, shall receive vacation of ten to twenty days dependent upon the number of years of service. Effective July 1, 2001, a person hired by the District, or promoted by the District to a position normally requiring 240 days of service, earns vacation days during the first full year of employment on a pro rata basis depending on the date of hire; thereafter, 12 days of paid vacation are earned between July 1 to June 30 of each school year. All vacation days are forfeited if not taken by December 31 of each year; therefore, management believes that the liability for unused vacation days at June 30, 2020 is not material to the financial statements.

**I. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of 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 has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding – Reported in the government-wide financial statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt
- 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 and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. 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. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for post-employment benefits – 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 OPEB liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position (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 has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. Deferred Outflows/Inflows of Resources (continued)**

- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

**K. Pensions**

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

**L. Other Post-Employment Benefits.**

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.

**M. Net Position**

Net Position on the Statement of Net Position includes the following:

- Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**M. Net Position (continued)**

- Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
- Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**N. Fund Balance**

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. The fund balance of the campus activity fund is committed for use at the campuses per board policy.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority. There was an assigned fund balance during the current fiscal year due to purchase order carryforwards.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees or the District Fund Managers have provided otherwise in their commitment or assignment actions.

In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**N. Fund Balance (continued)**

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the District as a whole.

The District sponsors self-insured plans to provide workers’ compensation benefits to employees. Revenues of these Internal Service Funds are received from both the District’s governmental and proprietary funds. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses.

The General Fund is contingently liable for liabilities of these funds.

**O. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the “TEA”) in the Resource Guide. The 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 for policy development and funding plans.

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District’s accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

**P. Use of Estimates**

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

**Q. Implementation of New Standards**

**The following GASB pronouncements have been issued but not yet implemented by the District:**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Q. Implementation of New Standards (continued)**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements of this Statement are effective immediately.

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The District plans on implementing GASB No. 84 *Fiduciary Activities* in fiscal year 2021 and GASB No. 87 *Leases* in fiscal year 2022.

**Note 2 - Deposits and Investments**

**Cash Deposits:** The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

At June 30, 2020, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$2,334,137 and the bank balance was \$4,147,565. The District's cash deposits at June 30, 2020, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

**Investments:** The District's investment policy is in accordance with the Public Funds Investment Act (Government Code Chapter 2256). Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The investment 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. Statutes authorize the District to invest in (1) obligations of the United States Treasury, certain United States agencies, and obligations of the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. Management of the District believes it is in compliance with the requirements of the Act and with local policies. The District's temporary investments consist of balances held by the Texas Local Government Investment Pool (TexPool) and Lone Star Investment Pool (LSIP).

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

LSIP is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the

**Note 2 - Deposits and Investments (continued)**

National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of LSIP's operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to LSIP regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U. S. government and U. S. agency securities. Investments in LSIP provide for investment in securities with maturities and returns generally greater than money market instruments. LSIP is marked-to-market daily to maintain an accurate net asset value. The District's fair value in LSIP is the same as the value of the pool shares. LSIP is currently rated AAA by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

At June 30, 2020, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<b>Carrying Value</b>	<b>Weighted Average Maturity (Days)</b>	<b>Credit Rating</b>
<b>Governmental Activities</b>			
Cash and deposits	\$ 1,952,848	N/A	N/A
<i>Investments</i>			
Local Government Investment Pools			
TexPool	4,075,629	36	AAAm
Lone Star Corporate Overnight Fund	3,417,478	43	AAA
Lone Star Corporate Overnight Plus Fund	72,073,810	50	AAA
Lone Star Government Overnight Fund	18,982,820	35	AAA
<b>Total Investments</b>	<u>98,549,737</u>	46	
<b>Total Governmental Activities</b>	<u>100,502,585</u>		
<b>Fiduciary Funds</b>			
Cash and Deposits	381,289	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>381,289</u>		
<b>Total</b>	<u>\$ 100,883,874</u>		

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2020 are included in cash and cash equivalents. Local government investment pools are recorded at amortized cost which approximates fair value. Texpool and Lone Star do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.



**Note 2 - Deposits and Investments (continued)**

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates may adversely affect the value of investments. To limit the risk that changes in interest rates will adversely affect the fair value of the investments. The district monitors interest rate risk utilizing weighted average maturity (WAM) analysis. The District requires its investment portfolio to have maturities of less than one year on a WAM basis. However, specific to the District's debt service funds, maturities longer than one year are authorized within legal limits and as long as sufficient investment liquidity to timely meet debt service payment obligations is maintained. The long-term investment the District currently holds, which has no call options, is due when the debt instrument is due and the District intends to hold the investment until maturity, thereby reducing its risk of loss due to changes in the fair value of the investment.

At June 30, 2020, the District's exposure to interest risk as measured by the segmented time distribution by investment type is summarized below:

		Investment Maturity in Years
	Amortized Cost	Less than 1
Local Government Investment Pools:		
TexPool	\$ 4,075,629	\$ 4,075,629
Lone Star Corporate Overnight Fund	3,417,478	3,417,478
Lone Star Corporate Overnight Plus Fund	72,073,810	72,073,810
Lone Star Government Overnight Fund	18,982,820	18,982,820
	<u>\$ 98,549,737</u>	<u>\$ 98,549,737</u>

**Credit Risk:** To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, the District's investments in Texas Pool and Lone Star were rated AAAM and AAA, respectively.

**Custodial Credit Risk:** State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The District's policy regarding deposits is in accordance with this law.

**Concentration of Credit Risk:** For temporary investments, to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

**Note 3 - Receivables and Unearned Revenue**

Receivables as of June 30, 2020, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property Taxes	\$ 17,013,271	\$ 4,828,035	\$ -	\$ 21,841,306
Due from other governments	2,387,257	-	8,977,100	11,364,357
Other	349,431	94,326	58	443,815
Gross Receivables	19,749,959	4,922,361	8,977,158	33,649,478
Less allowance for doubtful accounts	(11,475,145)	(3,987,366)	-	(15,462,511)
<b>Net Total Receivables</b>	<b>\$ 8,274,814</b>	<b>\$ 934,995</b>	<b>\$ 8,977,158</b>	<b>\$ 18,186,967</b>

Other receivables are reported at gross value. Management has determined that an allowance for doubtful accounts is not necessary for fair presentation.

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2020, the various components of unearned revenues reported in the governmental funds were as follows:

	<b>Unearned</b>
Unearned federal revenue	\$ 453,639
Unearned state and local revenue	2,173,104
	<b>\$ 2,626,743</b>

**Note 4 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements that result from normal operations and are cleared out periodically. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2020, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Net</b>
<b>Governmental Activities:</b>			
General Fund	\$ 10,584,413	\$ 14,727,956	\$ (4,143,543)
Debt Service	1,099,536	-	1,099,536
Nonmajor Governmental Funds	6,313,481	7,546,427	(1,232,946)
Nonmajor Internal Service Funds	4,276,953	-	4,276,953
<b>Total Governmental Activities</b>	<b>22,274,383</b>	<b>22,274,383</b>	<b>-</b>
<b>Total</b>	<b>\$ 22,274,383</b>	<b>\$ 22,274,383</b>	<b>\$ -</b>

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

**Governmental Activities:**

	<b>Balance July 01, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>(Retirements)</b>	<b>Balance June 30, 2020</b>
<b>Governmental Capital Assets</b>					
Capital assets, not being depreciated:					
Land	\$ 14,484,184	\$ -	\$ -	\$ -	\$ 14,484,184
Construction in progress	629,254	3,067,767	(583,285)	-	3,113,736
<b>Total Capital assets, not being depreciated</b>	<b>15,113,438</b>	<b>3,067,767</b>	<b>(583,285)</b>	<b>-</b>	<b>17,597,920</b>
Capital assets, being depreciated:					
Buildings and improvements	534,995,475	351,518	583,285	-	535,930,278
Furniture and equipment	13,426,567	1,203,012	-	-	14,629,579
Vehicles	24,275,959	1,360,230	-	(4,431,067)	21,205,122
<b>Total Capital assets, being depreciated</b>	<b>572,698,001</b>	<b>2,914,760</b>	<b>583,285</b>	<b>(4,431,067)</b>	<b>571,764,979</b>
Less accumulated depreciation for:					
Buildings and improvements	(135,805,424)	(9,811,081)	-	-	(145,616,505)
Furniture and equipment	(10,161,619)	(800,561)	-	-	(10,962,180)
Vehicles	(14,256,395)	(1,352,439)	-	4,431,067	(11,177,767)
<b>Total Accumulated depreciation</b>	<b>(160,223,438)</b>	<b>(11,964,081)</b>	<b>-</b>	<b>4,431,067</b>	<b>(167,756,452)</b>
<b>Governmental Capital Assets</b>	<b>\$ 427,588,001</b>	<b>\$ (5,981,554)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 421,606,447</b>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Function</b>	<b>Depreciation Expense</b>
<b>Governmental Activities:</b>	
Instruction	\$ 5,559,119
Instructional resources and media services	93,242
Curriculum and staff development	26,605
Instructional leadership	242,423
School leadership	672,349
Guidance, counseling and evaluation services	359,919
Social work services	17,556
Health services	135,242
Student transportation	338,805
Food Services	661,997
Extracurricular activities	355,732
General administration	433,529
Plant maintenance and operations	2,616,604
Security and monitoring services	231,740
Data processing services	219,219
<b>Total Governmental Activities</b>	<b>\$ 11,964,081</b>

**Note 5 - Capital Assets (continued)**

Construction budgets and remaining commitments under related construction contracts as of June 30, 2020, follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
Beaumont United Café	\$ 4,050,884	\$ 2,905,056	\$ 1,145,828
Beaumont United HVAC	555,000	208,680	346,320
	<u>\$ 4,605,884</u>	<u>\$ 3,113,736</u>	<u>\$ 1,492,148</u>

**Note 6 - Compensated Absences and Other Sick Leave Benefits**

The balance of accumulated unpaid vacation and sick leave at June 30, 2020 was \$2,051,056 and is presented as other long-term liabilities in these financial statements.

	<b>Balance July 01, 2019</b>	<b>Additions</b>	<b>Deductions - Payments to Participants</b>	<b>Balance June 30, 2020</b>
Compensated absences payable	<u>\$ 2,069,330</u>	<u>\$ 316,929</u>	<u>\$ 335,203</u>	<u>\$ 2,051,056</u>

**Note 7 - Long-term Liabilities**

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

**Changes in Long-term Liabilities**

Long-term liability activities for the fiscal year ended June 30, 2020, was as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2020</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 316,380,000	\$ -	\$ 19,895,000	\$ 296,485,000	\$ 11,980,000
Premiums on bonds	19,277,073	-	1,104,310	18,172,763	-
Accumulated accretion on capital appreciation bonds	1,302,088	31,102	-	1,333,190	-
Loan payable	8,079,604	-	933,692	7,145,912	954,479
Accrued compensated absences	2,069,330	316,929	335,203	2,051,056	2,051,056
Total Governmental Long-term Liabilities	<u>\$ 347,108,095</u>	<u>\$ 348,031</u>	<u>\$ 22,268,205</u>	<u>\$ 325,187,921</u>	<u>\$ 14,985,535</u>

**Note 7 - Long-term Liabilities (continued)**

**General Obligation Bonds**

General Obligation Bonds outstanding, at June 30, 2020, are comprised of the following:

<b>Issue</b>	<b>Original Issuance Amount</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Debt Outstanding</b>
<b>General Obligation Bonds:</b>				
Unlimited Tax Qualified School Construction Bonds, Series 2010	\$ 14,450,000	0.00%	2/15/2026	\$ 5,790,000
Unlimited Tax School Building Bonds, Series 2010B	59,490,000	4.49% to 5.81%	2/15/2038	57,780,000
Unlimited Tax School Building Bonds, Series 2011	31,500,000	2.00% to 5.00%	2/15/2038	11,730,000
Unlimited Tax Refunding Bonds, Series 2012	8,070,000	2.00% to 3.00%	2/15/2038	7,215,000
Unlimited Tax Refunding Bonds, Series 2016	132,155,000	3.00% to 5.00%	2/15/2038	116,745,000
Unlimited Tax Refunding Bonds, Series 2017	107,040,000	3.00% to 5.00%	2/15/2038	97,225,000
				<u>\$ 296,485,000</u>

Debt service requirements to maturity for the General Obligation Bonds are as follows:

<b>Year Ending June 30th</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2021	\$ 11,980,000	\$ 12,088,970	\$ 24,068,970
2022	12,495,000	11,558,609	24,053,609
2023	13,040,000	10,999,322	24,039,322
2024	13,625,000	10,400,696	24,025,696
2025	14,235,000	9,770,016	24,005,016
2026 - 2030	79,560,000	40,109,033	119,669,033
2031 - 2035	90,235,000	21,229,857	111,464,857
2036 - 2038	61,315,000	4,538,098	65,853,098
	<u>\$ 296,485,000</u>	<u>\$ 120,694,601</u>	<u>\$ 417,179,601</u>

On September 18, 2019, the Board authorized the defeasance and optional redemption of certain outstanding maturities of the District's outstanding unlimited tax school building bonds, Series 2011. On December 18, 2019, there was deposit from the District in the amount of \$8,900,000 related to 2019 cash defeasance. The par amount of refunded bonds was \$8,410,000. The net present value savings was \$5,357,490.

**Note 7 - Long-term Liabilities (continued)**

**Loan Payable**

The District also entered into a loan payable agreement for the purchase of buses in the amount of \$9,943,273. Interest accrues at a rate of 2.245% annual and the maturity date is fiscal year 2027. Principal and interest requirements are as follows:

<b>Year Ending June 30th</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 954,479	\$ 160,485
2022	975,907	139,057
2023	997,816	117,148
2024	1,020,217	94,747
2025	1,043,121	71,843
2026-2027	2,154,372	72,906
	<u>\$ 7,145,912</u>	<u>\$ 656,186</u>

**Capital Appreciation Bonds**

A portion of the bonds sold in the Series 2012 bond issues were capital appreciation bonds commonly referred to as “premium compound interest bonds.” The District annually records the appreciation of the bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bonds series will be paid upon maturity. The following table summarizes the significant features of the individual bonds, by issue:

<b>Series</b>	<b>Accreted Value</b>	<b>Original Bond Principal</b>	<b>Accreted Interest</b>	<b>Maturity Value</b>	<b>Maturity Dates</b>
2012 Refunding	<u>\$ 1,373,190</u>	<u>\$ 40,000</u>	<u>\$ 1,333,190</u>	<u>\$ 1,545,000</u>	2026 and 2027

**Prior Years’ Refunding of Long-Term Debt**

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District’s financial statements. At June 30, 2020, there are no defeased bonds outstanding.

**Deferred charge on refunding**

The balance of deferred charge on refunding at June 30, 2020 was \$4,368,225 and is presented as a deferred outflow of resources in the Statement of Net Position:

	<b>Balance July 01, 2019</b>	<b>Deferred Charge on New Issues</b>	<b>Recognized Amortization</b>	<b>Balance June 30, 2020</b>
Deferred charge on refunding	<u>\$ 4,436,277</u>	<u>\$ -</u>	<u>\$ 68,052</u>	<u>\$ 4,368,225</u>

**Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources**

During the current year, revenues from local and intermediate sources consisted of the following:

	<b>General Fund</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property Taxes	\$ 104,890,287	\$ 31,903,135	\$ -	\$ 136,793,422
Foreign Trade Zone Revenue	1,187,960	-	-	1,187,960
Chapter 313 Agreement Revenue	7,632,000	-	-	7,632,000
Campus Activity	-	-	275,824	275,824
Food Service Activity	-	-	541,180	541,180
Extracurricular Activities	229,526	-	-	229,526
Investment Income	1,316,875	156,451	-	1,473,326
Local Grants	-	-	1,843,785	1,843,785
Rent	63,004	-	-	63,004
Other	614,822	-	-	614,822
	<u>\$ 115,934,474</u>	<u>\$ 32,059,586</u>	<u>\$ 2,660,789</u>	<u>\$ 150,654,849</u>

**Note 9 - General Fund Federal Revenues**

For the fiscal year ended June 30, 2020, the General Fund reports the following federal revenues:

<b>Program or Source</b>	<b>CFDA #</b>	<b>Amount</b>
SHARS	N/A	\$ 1,615,596
FEMA Aid	97.036	62,596
Build America Bonds - Federal Interest Subsidy	N/A	1,086,440
Navy JROTC	12.000	157,663
Indirect Costs:		
ESEA, Title I, Part A	84.010A	424,323
IDEA-B Formula	84.027A	202,911
SSA - IDEA - Part B, Discretionary	84.027A	6,216
IDEA-B Preschool	84.173A	7,885
Carl D. Perkins Basic Grant	84.048A	9,966
Title III , Part A, LEP	84.365A	9,501
Title II, Part A, Supporting Effective Educator	84.367A	47,361
Title IV Part A Subpart 1	84.424A	29,502
CARES Act, Section 18003 - Elementary and Secondary		
School Emergency Relief Fund (ESSER) Grant (COVID-19)	84.425D	165,945
		<u>\$ 3,825,905</u>

**Note 10 - Operating Leases**

The District has entered into a number of operating leases for copiers, postage meters, and computers which contain cancellation provisions and are subject to annual appropriations. Rental expenditures for the year ended June 30, 2020 amounted to \$1,286,848. These leases primarily support governmental activities.

Future minimum lease payments are as follows:

<b>Year</b>	<b>Amount</b>
2021	\$ 1,019,298
2022	1,016,716
2023	1,011,554
	<u>\$ 3,047,568</u>

**Note 11 - Defined Benefit Pension Plan**

**A. 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**B. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then *Financial Reports* or by writing at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**C. 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 in (A) above.



**Note 11 - Defined Benefit Pension Plan (continued)**

**C. Benefits Provided (continued)**

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the 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.

**D. 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. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. The 86<sup>th</sup> Texas Legislature, May 2019, established the rates for 2020 and 2021.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2019</b>	<b>2020</b>
Member	7.70%	7.70%
Non-Employer Contributing Entity	6.80%	7.50%
Employers	6.80%	7.50%

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). Contributions and pension expense for all contributors were as follows:

	<b>Measurement Year (2019)</b>		<b>Fiscal Year (2020)</b>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS Contributions</b>
Member (Employee)	\$ 7,571,310	\$ -	\$ 8,002,970
Non-employer contributing agency (State)	4,860,660	11,340,450	5,624,101
District	3,160,014	9,839,158	3,648,946

**Note 11 - Defined Benefit Pension Plan (continued)**

**D. Contributions (continued)**

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.

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

- When employing a retiree of the Teacher Retirement System 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.

**E. 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:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	2.63%*
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

*\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

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.

**Note 11 - Defined Benefit Pension Plan (continued)**

**F. 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 pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity will be made at the rate set by the legislature during the 2019 legislative session. It is assumed that future employer and state contribution will be 8.50 percent of payroll in the fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contribution for all active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payment 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 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:

<b>Asset Class</b>	<b>Target Allocation<sup>1</sup></b>	<b>New Target Allocation<sup>2</sup></b>	<b>Long-term Expected Geometric Real Rate of Return<sup>3</sup></b>
<b>Global Equity</b>			
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%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
<b>Stable Value</b>			
U.S. Treasuries <sup>4</sup>	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.00%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	1.00%
<b>Risk Parity</b>	0.00%	0.00%	0.00%
Risk Parity	5.00%	8.00%	5.8%/6.5% <sup>5</sup>
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
<b>Expected Return</b>			7.23%
<b>Total</b>	100.00%		

<sup>1</sup> Target allocations based on the Strategic Asset Allocation dated 10/1/2018

<sup>2</sup> New target allocation based on the Strategic Asset Allocation dated 10/1/2019

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

<sup>4</sup> New Target Allocation groups Government Bonds within the stable value allocation. This includes global

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

**Note 11 - Defined Benefit Pension Plan (continued)**

**G. 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.

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.250%</b>	<b>Discount Rate</b>	<b>8.250%</b>
		<b>7.250%</b>	
District's proportional share of the net pension liability	\$ 72,141,192	\$ 46,931,929	\$ 26,507,559

**H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the District reported a liability of \$46,931,929 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 proportion of the net pension liability	0.0903%
District's proportionate share of the net pension liability	\$ 46,931,929
State's proportionate share of the net pension liability associated with the District	72,192,659
Total	<u>\$ 119,124,588</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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0903% which was an increase from its proportion measured as of August 31, 2018 of 0.0882%.

***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 as of August 31, 2018 was a single blended rate 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 \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas legislature approved funding for a 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.

**Note 11 - Defined Benefit Pension Plan (continued)**

**H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$9,839,158. The District also recognized an additional on-behalf revenue and expense of \$11,340,450 representing support provided by the State.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 197,156	\$ (1,629,551)
Changes in actuarial assumptions	14,560,589	(6,017,124)
Net difference between projected and actual earnings on pension plan investments	471,251	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,662,513	(2,064,533)
District contributions subsequent to the measurement date	3,174,167	-
Total	<u>\$ 24,065,676</u>	<u>\$ (9,711,208)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$3,174,167 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30</b>	<b>Amount</b>
2021	\$ 2,920,419
2022	2,407,639
2023	3,124,623
2024	2,508,220
2025	606,485
Thereafter	(387,085)
	<u>\$ 11,180,301</u>

**Note 12 - Defined Other Post-Employment Benefit Plans**

**A. 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. The plan 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.

**B. 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 <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then *Financial Reports* or by writing at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**C. Benefits Provided**

TRS-Care provides a basic health insurance coverage at no cost to all retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. For more information on TRS-Care eligibility and detailed information on TRS-Care, please refer to the Benefits section.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

<b>TRS-Care Plan Premium Rates</b>			
	<b>Medicare</b>		<b>Non-Medicare</b>
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

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**D. 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 percent or not more than 0.75 percent 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.

	<b>Contribution Rates</b>	
	<b>2020</b>	<b>2019</b>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

	<b>Measurement Year (2019)</b>		<b>Fiscal Year June 30, 2020</b>
	<b>Contributions</b>	<b>OPEB Expense</b>	<b>Contributions</b>
Member (Employee)	\$ 639,138	\$ -	\$ 675,578
Non-employer contributing agency (State)	1,281,926	2,251,430	1,189,971
District	964,800	2,409,967	1,029,189

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 hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

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

In addition, \$230,756,971 was transferred to TRS to pay for Care during the 86th Legislative Session, House Bill 1. GASB Statement No. 85 requires that an on-behalf payment is recorded for the districts proportionate share. The proportionate share was determined using the GASB Statement No. 75 TRS-Care proportionate share allocation. For the year ended June 30, 2020, the District recorded an expenditure for their proportionate share of the funds along with the corresponding revenue of \$313,692.

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**E. 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:

Valuation date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	Initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. Initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.
Election rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Salary Increases.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).



**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**F. Discount Rate**

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% 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.

**G. Discount Rate Sensitivity Analysis**

*Discount Rate* - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (1.63%)	Current Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the Net OPEB Liability:	\$ 77,616,056	\$ 64,287,844	\$ 53,861,172

**H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At June 30, 2020, the District reported a liability of \$64,287,844 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	\$ 64,287,844
State's proportionate share that is associated with District	85,424,165
Total	<u>\$ 149,712,009</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 District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the District’s proportion of the collective Net OPEB Liability was 0.13594% which was an increase of 0.00054% from its proportion measured as of August 31, 2018.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 52,443,768	\$ 64,287,844	\$ 80,153,467

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)**

*Changes Since the Prior Actuarial Valuation*

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- 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 Total OPEB Liability (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 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.

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,409,967 and an additional on-behalf expense and revenue of \$2,251,430 for support provided by the State.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,153,865	\$ (10,520,024)
Changes in actuarial assumptions	3,570,688	(17,291,852)
Net difference between projected and actual investment earnings	6,936	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,722,566	-
Contributions paid to TRS subsequent to the measurement date	820,624	-
Total	<u>\$ 12,274,679</u>	<u>\$ (27,811,876)</u>

**Note 12 - Defined Other Post-Employment Benefit Plans (continued)**

**H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)**

The \$820,624 reported as 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 year ending June 30, 2021. 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:

<b>Year Ending June 30</b>	<b>OPEB Expense Amount</b>
2021	\$ (2,881,843)
2022	(2,881,843)
2023	(2,884,088)
2024	(2,885,372)
2025	(2,885,020)
Thereafter	(1,939,655)
	<u><u>\$ (16,357,821)</u></u>

**I. Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on-behalf of the District were \$504,576, \$378,050, and \$318,050, respectively. The information for the year ended June 30, 2020 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**Note 13 - Risk Management**

**Property/Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, and from participation in a risk pool. The District's participation in the risk pool is limited to payment of premiums.

**Note 13 - Risk Management (continued)**

**Health Insurance**

The Board of Trustees approved the district's participation in the TRS (Texas Retirement System) Active Care Health Insurance Program as sponsored by the Teacher Retirement System of Texas. This is a premium-based plan; payments are made on a monthly basis for all covered employees.

**Workers' Compensation**

The District also provides workers' compensation to its employees through a self-insured plan which is accounted for in the Internal Service Fund. The Internal Service Fund charges the General Fund and other funds for premiums for the District's contribution. The District has an excess workers' compensation insurance policy that takes over after the District reaches its \$400,000 self-insured retention level and covers the District up to the statutory required limit. The District established the self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code.

The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts determined by the third-party administrators. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the governmental and proprietary funds.

Estimates of claims payable and of claims incurred but not reported at June 30, 2020, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after June 30, 2020. Liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the liabilities is an estimate. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balances of claims liabilities are as follows:

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
June 30, 2020	\$ 1,770,672	\$ 737,976	\$ 805,623	\$ 1,703,025
June 30, 2019	2,116,060	615,831	961,219	1,770,672
June 30, 2018	2,574,827	616,734	1,075,501	2,116,060

**Note 14 - Shared Service Arrangements**

The District is fiscal agent for a Shared Service Arrangement (“SSA”), which provides services to the member districts listed below. All services are provided by the fiscal agents. The member districts provide the funds to the fiscal agents. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the appropriate Special Revenue Funds and has accounted for these funds using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

	Local Services for the Deaf
Beaumont ISD	\$ 368,042
Bridge City ISD	22,194
Bob Hope School	5,031
Buna ISD	35,753
East Chambers ISD	5,548
Hardin-Jefferson ISD	52,398
Little-Cypress Mauriceville CISD	33,290
Lumberton ISD	45,619
Nederland ISD	16,645
Newton ISD	8,938
Orangefield ISD	22,194
Port Arthur ISD	166,438
Port-Neches Groves ISD	40,070
Silsbee ISD	8,323
Spurger ISD	2,775
Vidor ISD	141,782
West Orange Cove CISD	53,630
Woodville ISD	23,425
	\$ 1,052,095

**Note 15 - Contingent Liabilities**

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

The District is a defendant in various lawsuit arising in the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**Note 16 - Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2020.

**Note 17 - Tax Abatements**

Currently, the District has seven (7) active Chapter 313 Agreements with several corporations for Limitation On Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and all supporting documentation was assigned Texas Comptroller Application number.

The following Chapter 313 Agreements are in effect:

Lucille International, Inc. (Application No. 211) first year's value limitation was tax year 2015. The net benefit to the District is \$37,831 for fiscal year June 30, 2020. The project value's value limitation is \$30,000,000, with a total project value of \$54,200,400. The applicant's M&O taxes have been reduced by \$214,377.

OCI Beaumont (Application No. 219) first year's value limitation was tax year 2015. The value limitation for the current year was \$30,000,000, with a total project value of \$143,921,500. The applicant's M&O taxes were reduced by \$1,129,120. However, the net benefit to the District was \$211,206.

Natgasoline LLC's (Application No. 311) first year's value limitation was tax year 2017. The net benefit to the District is \$4,160,601 for fiscal year June 30, 2020. The project value's value limitation is \$30,000,000, with a total project value of \$1,236,717,100. The applicant's M&O taxes have been reduced by \$7,638,403.

BASF Corporation (Application No. 375) first year's value limitation was tax year 2017. The net benefit to the District is \$135,568 for fiscal year June 30, 2020. The project value's value limitation is \$30,000,000, with a total project value of \$107,644,800. The applicant's M&O taxes have been reduced by \$617,587.

Exxon (Application No. 1118) first year's value limitation was fiscal year 2020. The net benefit to the District is \$3,298,000 for fiscal year June 30, 2020. The project value's value limitation is \$30,000,000, with a total project value of \$370,000,000. However, there was no reduction in taxes or benefit/loss during fiscal year 2020.

Exxon (Application No. 1119) first year's value limitation will be fiscal year 2021. There was no current year value limitation, reduction in taxes or benefit/loss.

Exxon (Application No. 1163) first year's value limitation will be fiscal year 2023. There was no current year value limitation, reduction in taxes or benefit/loss.

**Note 18 - Subsequent Events**

**Texas Education Agency's Response to COVID-19**

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Jefferson County, also declared a local state of disaster.

TEA will institute the ADA hold harmless for the first two six-week attendance reporting periods as follows: if an LEA's Refined ADA counts during those first two six-week reporting periods are less than the ADA hold harmless projections (described in the paragraph below), the first two six-week attendance reporting periods for 2020–2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. For purposes of the hold harmless calculation, TEA will not consider each six weeks attendance period independent of each other. TEA will replace attendance numbers for each eligible LEA's 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used.

TEA will make available an ADA hold harmless for the third six weeks attendance reporting period, on the condition that LEAs allow on-campus instruction throughout the entire third six weeks period, as further described below. The ADA hold harmless methodology will be identical to the methodology used for the first two six weeks attendance reporting periods, except that the third six weeks will be examined independent of the first two six weeks attendance reporting periods. Specifically, if an LEA's refined ADA counts during the third six weeks attendance reporting period is less than the ADA hold harmless projections (described in the prior question and available online), the third six-weeks attendance reporting period for 2020–2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. As noted above, this ADA hold harmless methodology will only apply to attendance-based counts and will not apply to enrollment-based FSP allotments such as the state compensatory education allotment and the dyslexia allotment.

The full extent of the ongoing impact of COVID-19 on the District's 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

**Jefferson County Appraisal Review Board (ARB) Determination**

In November 2020, Jefferson County ARB took an action to grant Air Liquide's Tax Code § 25.25 value appeals for 2017 and 2018. In accordance with the previously executed payment agreement between Beaumont ISD and Air Liquide, Air Liquide will be due a refund of taxes for 2017 and 2018 tax years in the amount of approximately \$1.9 million. The reduced M&O tax collections will also result in additional state aid to the District. This amount will be paid to Air Liquide only upon recognition of modified property value study findings by Texas Comptroller and Texas Education Agency.





## **REQUIRED SUPPLEMENTARY INFORMATION**



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For Fiscal Year Ended June 30, 2020**

*Exhibit G-1*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
	Revenues				
5700	Local revenues	\$ 106,653,717	\$ 115,397,673	\$ 115,934,474	\$ 536,801
5800	State program revenues	52,179,631	51,376,898	46,111,933	(5,264,965)
5900	Federal program revenues	3,655,285	3,655,285	3,825,905	170,620
5020	Total revenues	162,488,633	170,429,856	165,872,312	(4,557,544)
	Expenditures				
	Current:				
0011	Instruction	87,384,760	89,031,934	82,021,320	7,010,614
0012	Instruction resources and media services	1,389,921	1,847,527	1,373,645	473,882
0013	Curriculum and instructional staff development	473,597	656,508	391,947	264,561
0021	Instructional leadership	3,612,895	3,919,317	3,571,383	347,934
0023	School leadership	10,242,309	11,168,782	10,358,320	810,462
0031	Guidance, counseling and evaluation services	5,485,111	5,668,766	5,302,340	366,426
0032	Social work services	394,368	394,368	258,642	135,726
0033	Health services	2,093,793	2,075,760	1,998,825	76,935
0034	Student transportation	5,694,904	6,715,673	4,991,284	1,724,389
0036	Extracurricular activities	5,384,991	5,708,351	5,240,659	467,692
0041	General administration	7,492,094	7,607,223	6,387,865	1,219,358
0051	Facilities maintenance and operations	23,736,416	43,752,969	38,691,649	5,061,320
0052	Security and monitoring services	2,754,719	3,409,062	3,414,003	(4,941)
0053	Data processing services	2,980,479	3,880,479	3,229,528	650,951
0061	Community services	163,936	160,581	83,148	77,433
	Debt Service:				
0071	Principal on long-term debt	933,693	950,645	933,692	16,953
0072	Interest on long-term debt	181,272	164,320	181,272	(16,952)
	Capital Outlay:				
0081	Facilities acquisition and construction	125,075	3,826,301	3,213,506	612,795
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	339,300	347,300	346,988	312
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	150,000	150,000	150,000	-
0099	Other Intergovernmental Charges	1,500,000	1,500,000	1,353,463	146,537
6030	Total Expenditures	162,513,633	192,935,866	173,493,479	19,442,387
1100	Excess (deficiency) of revenues over expenditures	(25,000)	(22,506,010)	(7,621,167)	14,884,843
	Other Financing Sources (Uses)				
7912	Sale of property	25,000	2,369,308	2,408,862	39,554
7080	Total other financing sources and uses	25,000	2,369,308	2,408,862	39,554
	Special Item				
7918	Special items (insurance recoveries)	-	12,700,099	12,740,739	40,640
8080	Total special items	-	12,700,099	12,740,739	40,640
1200	Net change in fund balances	-	(7,436,603)	7,528,434	14,965,037
0100	Fund balances - beginning	56,194,720	56,194,720	56,194,720	-
3000	Fund balances - ending	\$ 56,194,720	\$ 48,758,117	\$ 63,723,154	\$ 14,965,037

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE**  
**BUDGETARY COMPARISON SCHEDULE**

*Exhibit G-2*

**A. Budgets and Budgetary Accounting**

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Program Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to federal, state and locally imposed project length budgets and monitoring through submission of reimbursement reports. The General Fund Budget report is presented on Exhibit G-1, the Child Nutrition Program Special Revenue fund budget report and the Debt Service Fund budget report appear on Exhibit J-2 and J-3, respectively.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2020, the Board of Trustees approved budget amendments to decrease or supplement appropriations as follows:

	<u>General Fund</u>	<u>Child Nutrition Program</u>	<u>Debt Service</u>
Amendments Approved	\$ 30,422,233	\$ 1,175,537	\$ -

The amendments approved for the General Fund other than those to transfer funds between functions were to carry forward purchase orders from the prior fiscal year. In addition, amendments were approved to record an increase in revenues from the sale of properties, increase in revenue from Chapter 313 payments, and insurance recovery payments received. Amendments were also approved to reflect a decrease in state revenue from a decrease in students, decrease in revenue due to fund reallocations, and decrease in state funding as a result of the Emergency and Secondary School Emergency Relief Fund (ESSER) grant funds for COVID-19. The Board approved to increase the budget for Tropical Storm Imelda recovery expenses, to reflect the increase in insurance premiums, and to increase maintenance and operations and transportation budgets for newly approved projects.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees. The official school budget was prepared for adoption for budgeted governmental fund types by **June 30, 2019**. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

**B. Expenditures in Excess of Appropriations**

At the end of the current fiscal year, the District had the following expenditures in excess of appropriations for the legally adopted budgets:

	<u>General Fund</u>
Security and monitoring services	\$ 4,941

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**For the Last Six Measurement Years Ended August 31**

**Exhibit G-3**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
District's proportion of the net pension liability	0.09030%	0.08820%	0.09660%
District's proportionate share of the net pension liability	\$ 46,931,929	\$ 48,541,296	\$ 30,883,522
State's proportionate share of the net pension liability associated with the	72,192,659	82,093,947	51,387,432
Total	<u>\$ 119,124,588</u>	<u>\$ 130,635,243</u>	<u>\$ 82,270,954</u>
District's covered payroll (for Measurement Year)	\$ 98,328,720	\$ 97,745,584	\$ 101,644,863
District's proportionate share of the net pension liability as a percentage	47.73%	49.66%	30.38%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%
	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension liability	0.08520%	0.07820%	0.05810%
District's proportionate share of the net pension liability	\$ 32,197,755	\$ 27,627,919	\$ 15,529,731
State's proportionate share of the net pension liability associated with the	65,439,366	62,807,388	68,127,998
Total	<u>\$ 97,637,121</u>	<u>\$ 90,435,307</u>	<u>\$ 83,657,729</u>
District's covered payroll (for Measurement Year)	\$ 98,619,316	\$ 93,463,819	\$ 115,538,311
District's proportionate share of the net pension liability as a percentage	32.65%	29.56%	13.44%
Plan fiduciary net position as a percentage of the total pension liability *	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	92.75%	91.94%	72.89%
Plan's net pension liability as a percentage of covered payroll *			

The amounts presented are for each Plan year which ends the preceding

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2014.

Net Pension Liability and related ratios will be presented prospectively as data becomes available

\* Per Teacher Retirement System of Texas' Comprehensive Annual Financial Report.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
*Last Six Fiscal Years Ended June 30*

*Exhibit G-4*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 3,648,946	\$ 2,670,678	\$ 2,951,597
Contributions in relation to the contractual required contributions	<u>3,648,946</u>	<u>2,670,678</u>	<u>2,951,597</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 103,934,656	\$ 98,273,936	\$ 98,549,158
Contributions as a percentage of covered payroll	3.51%	2.72%	3.00%

	<u>* 2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,652,811	\$ 2,702,669	\$ 2,417,013
Contributions in relation to the contractual required contributions	<u>2,652,811</u>	<u>2,702,669</u>	<u>2,417,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 84,255,425	\$ 98,619,316	\$ 93,461,105
Contributions as a percentage of covered payroll	3.15%	2.74%	2.59%

During the fiscal year 2015, the District adopted GASB Statement No. 68 and 71.

\* The District converted to a June 30th year-end during fiscal year 2017.

As such, 2017 only reflects ten months of contributions. Fiscal years 2016 and prior ended August 31st.

### **Changes of Assumptions**

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The single discount as of August 31, 2018 was a single blended rate 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 \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

### **Changes in Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

### **Other Information**

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**For the Last Three Measurement Years Ended August 31**

**Exhibit G-6**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.13590%	0.13540%	0.12620%
District's proportionate share of the net OPEB liability	\$ 64,287,844	\$ 67,585,798	\$ 54,875,362
State's proportionate share of the net OPEB liability associated with the District	<u>85,424,165</u>	<u>81,680,446</u>	<u>78,005,031</u>
Total	<u>\$ 149,712,009</u>	<u>\$ 149,266,244</u>	<u>\$ 132,880,393</u>
District's covered payroll (for Measurement Year)	\$ 98,328,720	\$ 97,745,584	\$ 101,644,863
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	65.4%	69.1%	54.0%
Plan fiduciary net position as a percentage of the total OPEB liability *	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	135.21%	146.64%	132.55%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is presented prospectively in accordance with GASB 75.

\* Per Teacher Retirement System of Texas' comprehensive annual financial report.



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
*Last Three Fiscal Years Ended June 30*

*Exhibit G-7*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,029,189	\$ 908,872	\$ 945,863
Contributions in relation to the contractual required contributions	<u>1,029,189</u>	<u>908,872</u>	<u>945,863</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 103,934,656	\$ 98,273,936	\$ 98,549,158
Contributions as a percentage of covered payroll	0.99%	0.92%	0.96%

During the fiscal year 2018, the District adopted GASB Statement No. 75.

### **Changes of Assumptions**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) 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 Total OPEB Liability (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 TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased 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.

### **Changes in Benefit Terms**

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

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

## **OTHER SUPPLEMENTARY INFORMATION**

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
**Page 1 of 10**

		205	211	224	225
<b>Data Control Codes</b>		<b>Head Start</b>	<b>ESEA Title I, A - Improving Basic Ed.</b>	<b>IDEA B - Formula</b>	<b>IDEA B - Preschool</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	<b>Receivables:</b>				
1240	Receivables from other governments	645,615	2,788,989	1,430,176	15,653
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	58	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 645,615</b>	<b>\$ 2,788,989</b>	<b>\$ 1,430,234</b>	<b>\$ 15,653</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 24,740	\$ 340,002	\$ 30,403	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	320,680	464,713	378,996	7,110
2170	Due to other funds	300,195	1,983,919	1,018,510	8,543
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	355	2,325	-
<b>2000</b>	<b>Total Liabilities</b>	<b>645,615</b>	<b>2,788,989</b>	<b>1,430,234</b>	<b>15,653</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 645,615</b>	<b>\$ 2,788,989</b>	<b>\$ 1,430,234</b>	<b>\$ 15,653</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
**Page 2 of 10**

		226	240	242	244
<b>Data Control Codes</b>		<b>IDEA B - Discretionary</b>	<b>Child Nutrition</b>	<b>Summer Feeding Program</b>	<b>Vocational Ed. - Basic</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ 1,307,588	\$ -	\$ -
	<b>Receivables:</b>				
1240	Receivables from other governments	-	39	70,354	98,522
1260	Due from other funds	-	2,494,660	1,074,201	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	46,512	32,188	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 3,848,799</b>	<b>\$ 1,176,743</b>	<b>\$ 98,522</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 336,939	\$ 2,445	\$ 38,390
2150	Payroll deduction and withholdings payable	-	82,105	-	-
2160	Accrued wages payable	-	346,801	24,268	6,481
2170	Due to other funds	-	-	810,247	53,651
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>-</b>	<b>765,845</b>	<b>836,960</b>	<b>98,522</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	3,082,954	339,783	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>3,082,954</b>	<b>339,783</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 3,848,799</b>	<b>\$ 1,176,743</b>	<b>\$ 98,522</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
**Page 3 of 10**

Data Control Codes		255	258	263	265
		ESEA Title II, A - Training and Recruiting	Public Charter School	ESEA Title III, A - English Lang. Acquisition	Title IV, Part B - 21st Century Community Learning Centers
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 130,639
	<b>Receivables:</b>				
1240	Receivables from other governments	89,203	484,860	38,831	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 89,203</u>	<u>\$ 484,860</u>	<u>\$ 38,831</u>	<u>\$ 130,639</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 5,551	\$ 1,435	\$ 23,463	\$ 181
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	65,258	-	5,759	35,164
2170	Due to other funds	18,394	483,425	9,609	-
2180	Due to other governments	-	-	-	10,609
2300	Unearned revenues	-	-	-	84,685
<b>2000</b>	<b>Total Liabilities</b>	<u>89,203</u>	<u>484,860</u>	<u>38,831</u>	<u>130,639</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 89,203</u>	<u>\$ 484,860</u>	<u>\$ 38,831</u>	<u>\$ 130,639</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
**Page 4 of 10**

		266	272	289	315
<b>Data Control Codes</b>		<b>ESSER</b>	<b>Medicaid Administrative Claiming Program - MAC</b>	<b>Summer School LEP</b>	<b>SSA - IDEA - Part B, Discretionary</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ 139,271	\$ -	\$ 865
	<b>Receivables:</b>				
1240	Receivables from other governments	1,371,331	-	182,145	14,621
1260	Due from other funds	-	219,367	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 1,371,331</u>	<u>\$ 358,638</u>	<u>\$ 182,145</u>	<u>\$ 15,486</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ 71,083	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	28,423	14,840
2170	Due to other funds	1,371,331	-	75,649	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	358,638	6,990	646
<b>2000</b>	<b>Total Liabilities</b>	<u>1,371,331</u>	<u>358,638</u>	<u>182,145</u>	<u>15,486</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,371,331</u>	<u>\$ 358,638</u>	<u>\$ 182,145</u>	<u>\$ 15,486</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

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		397	410	414	423
<b>Data Control Codes</b>		<b>Advanced Placement Incentive</b>	<b>Instructional Materials Allotment</b>	<b>Texas Reading, Math and Science Initiative</b>	<b>Barbara Bush Family Literacy</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 276	\$ -	\$ -	\$ 468
	<b>Receivables:</b>				
1240	Receivables from other governments	-	1,550,393	32,492	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 276</b>	<b>\$ 1,550,393</b>	<b>\$ 32,492</b>	<b>\$ 468</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 1,269,654	\$ 2,144	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	936	-
2170	Due to other funds	-	269,828	29,412	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	276	10,911	-	468
<b>2000</b>	<b>Total Liabilities</b>	<b>276</b>	<b>1,550,393</b>	<b>32,492</b>	<b>468</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 276</b>	<b>\$ 1,550,393</b>	<b>\$ 32,492</b>	<b>\$ 468</b>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
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		429	435	446	461
<b>Data Control Codes</b>		<b>Technology Lending Grant</b>	<b>SSA - Regional Day School for the Deaf State</b>	<b>State Local Funded Regional Day School Deaf - Local</b>	<b>Campus Activity Fund</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 32,416	\$ -	\$ 122,640	\$ 655,935
	<b>Receivables:</b>				
1240	Receivables from other governments	1,401	162,475	-	-
1260	Due from other funds	-	-	-	2,854
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 33,817</b>	<b>\$ 162,475</b>	<b>\$ 122,640</b>	<b>\$ 658,789</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 4,961	\$ 4,628	\$ 21,892	\$ 40,624
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	85,418	75,219	-
2170	Due to other funds	-	69,378	-	296,088
2180	Due to other governments	350	-	-	-
2300	Unearned revenues	28,506	-	25,529	-
<b>2000</b>	<b>Total Liabilities</b>	<b>33,817</b>	<b>159,424</b>	<b>122,640</b>	<b>336,712</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	3,051	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	322,077
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>3,051</b>	<b>-</b>	<b>322,077</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,817</b>	<b>\$ 162,475</b>	<b>\$ 122,640</b>	<b>\$ 658,789</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

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		481	483	484	485
<b>Data Control Codes</b>		<b>BASF Foundation - Science</b>	<b>Natatorium Swim Program</b>	<b>Campus After School Program</b>	<b>Exxon-Mobil Future Leaders</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 1,004	\$ 14,970	\$ 49,824	\$ 5,000
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	309	10,958	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 1,313</u>	<u>\$ 25,928</u>	<u>\$ 49,824</u>	<u>\$ 5,000</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ 23,992	\$ 1,500
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	1,313	25,928	25,832	3,500
<b>2000</b>	<b>Total Liabilities</b>	<u>1,313</u>	<u>25,928</u>	<u>49,824</u>	<u>5,000</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,313</u>	<u>\$ 25,928</u>	<u>\$ 49,824</u>	<u>\$ 5,000</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
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		486	487	488	489
<b>Data Control Codes</b>		<b>ExxonMobil - Project Boost</b>	<b>Exxon-Mobil Reading Initiative</b>	<b>Texas School Ready</b>	<b>Community Education Program</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 2,144	\$ 99,350	\$ 4,421	\$ 8,846
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	20,648	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 2,144</u>	<u>\$ 119,998</u>	<u>\$ 4,421</u>	<u>\$ 8,846</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 4,089	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	234	166	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	2,144	115,675	4,255	8,846
<b>2000</b>	<b>Total Liabilities</b>	<u>2,144</u>	<u>119,998</u>	<u>4,421</u>	<u>8,846</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,144</u>	<u>\$ 119,998</u>	<u>\$ 4,421</u>	<u>\$ 8,846</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

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		490	491	492	493
<b>Data Control Codes</b>		<b>GED Testing - Adult Education</b>	<b>Misc Grants</b>	<b>Thomas Center - Scoreboard</b>	<b>DaVinci Minds Grant</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 30,550	\$ -	\$ 80,393	\$ -
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	3,112	339	-	2,457,054
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 33,662</b>	<b>\$ 339</b>	<b>\$ 80,393</b>	<b>\$ 2,457,054</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ 895	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	747,848
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	33,662	339	79,498	1,709,206
<b>2000</b>	<b>Total Liabilities</b>	<b>33,662</b>	<b>339</b>	<b>80,393</b>	<b>2,457,054</b>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,662</b>	<b>\$ 339</b>	<b>\$ 80,393</b>	<b>\$ 2,457,054</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

**Exhibit H-1**  
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	495	497	498	499	
<b>Data Control Codes</b>	<b>Texas Data Champions</b>	<b>Mostyn/Moreno Education Foundation</b>	<b>District Incentive Program</b>	<b>Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
1110 Cash and temporary investments	\$ 2,648	\$ -	\$ 9,413	\$ 66,978	\$ 2,765,639
<b>Receivables:</b>					
1240 Receivables from other governments	-	-	-	-	8,977,100
1260 Due from other funds	-	-	-	29,979	6,313,481
1290 Other receivables	-	-	-	-	58
1310 Inventories, at cost	-	-	-	-	78,700
<b>1000 Total Assets</b>	<b>\$ 2,648</b>	<b>\$ -</b>	<b>\$ 9,413</b>	<b>\$ 96,957</b>	<b>\$ 18,134,978</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
2110 Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,249,011
2150 Payroll deduction and withholdings payable	-	-	-	-	82,105
2160 Accrued wages payable	-	-	-	-	1,860,066
2170 Due to other funds	-	-	-	-	7,546,427
2180 Due to other governments	-	-	-	-	10,959
2300 Unearned revenues	2,648	-	9,413	85,155	2,626,743
<b>2000 Total Liabilities</b>	<b>2,648</b>	<b>-</b>	<b>9,413</b>	<b>85,155</b>	<b>14,375,311</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
3450 Federal/State funds grant restrictions	-	-	-	11,802	3,437,590
<b>Committed:</b>					
3545 Other purposes	-	-	-	-	322,077
<b>3000 Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,802</b>	<b>3,759,667</b>
<b>4000 Total Liabilities and Fund Balance</b>	<b>\$ 2,648</b>	<b>\$ -</b>	<b>\$ 9,413</b>	<b>\$ 96,957</b>	<b>\$ 18,134,978</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		205	211	224	225
<b>Data Control Codes</b>		<b>Head Start</b>	<b>ESEA Title I, A - Improving Basic Ed.</b>	<b>IDEA B - Formula</b>	<b>IDEA B - Preschool</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	3,383,791	7,365,431	4,947,719	74,996
<b>5020</b>	<b>Total Revenues</b>	<u>3,383,791</u>	<u>7,365,431</u>	<u>4,947,719</u>	<u>74,996</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	2,324,001	4,026,672	4,041,970	74,996
0012	Instruction resources and media services	41,927	333	-	-
0013	Curriculum and instructional staff development	21,876	123,959	-	-
0021	Instructional leadership	147,943	2,183,807	111,820	-
0023	School leadership	254,826	38,488	-	-
0031	Guidance, counseling and evaluation services	-	219,636	585,469	-
0032	Social work services	377,571	-	-	-
0033	Health services	103,234	422	-	-
0034	Student transportation	49,939	-	208,460	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	6,000	-	-
0051	Facilities maintenance and operations	61,700	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	774	766,114	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>3,383,791</u>	<u>7,365,431</u>	<u>4,947,719</u>	<u>74,996</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		226	240	242	244
<b>Data Control Codes</b>		<b>IDEA B - Discretionary</b>	<b>Child Nutrition</b>	<b>Summer Feeding Program</b>	<b>Vocational Ed. - Basic</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ 538,180	\$ 3,000	\$ -
5800	State program revenues	-	54,473	-	-
5900	Federal program revenues	59,840	8,948,557	902,967	334,387
<b>5020</b>	<b>Total Revenues</b>	<u>59,840</u>	<u>9,541,210</u>	<u>905,967</u>	<u>334,387</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	59,840	-	-	285,888
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	1,064
0021	Instructional leadership	-	-	-	13,747
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	9,000,104	751,613	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	287,982	-	33,688
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	779,265	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>59,840</u>	<u>10,067,351</u>	<u>751,613</u>	<u>334,387</u>
1100	Excess (deficiency) of revenues over expenditures	-	(526,141)	154,354	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	30,919	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>30,919</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	(495,222)	154,354	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>3,578,176</u>	<u>185,429</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ 3,082,954</u>	<u>\$ 339,783</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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Data Control Codes		255	258	263	265
		ESEA Title II, A - Training and Recruiting	Public Charter School	ESEA Title III, A - English Lang. Acquisition	Title IV, Part B - 21st Century Community Learning Centers
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	773,610	484,860	167,538	409,402
<b>5020</b>	<b>Total Revenues</b>	<u>773,610</u>	<u>484,860</u>	<u>167,538</u>	<u>409,402</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	473,946	282,418	73,257	293,110
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	279,424	-	13,842	-
0021	Instructional leadership	-	202,442	-	115,444
0023	School leadership	543	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	848
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	19,697	-	80,439	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>773,610</u>	<u>484,860</u>	<u>167,538</u>	<u>409,402</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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Data Control Codes		266	272	289	315
		ESSER	Medicaid Administrative Claiming Program - MAC	Summer School LEP	SSA - IDEA - Part B, Discretionary
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1,205,386	28,000	504,253	107,895
<b>5020</b>	<b>Total Revenues</b>	<u>1,205,386</u>	<u>28,000</u>	<u>504,253</u>	<u>107,895</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	-	165,850	103,211
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	4,684
0021	Instructional leadership	-	-	97,173	-
0023	School leadership	-	-	30,000	-
0031	Guidance, counseling and evaluation services	-	-	169,991	-
0032	Social work services	-	-	-	-
0033	Health services	-	28,000	-	-
0034	Student transportation	1,205,386	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	41,239	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>1,205,386</u>	<u>28,000</u>	<u>504,253</u>	<u>107,895</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		397	410	414	423
<b>Data Control Codes</b>		<b>Advanced Placement Incentive</b>	<b>Instructional Materials Allotment</b>	<b>Texas Reading, Math and Science Initiative</b>	<b>Texas Reading, Math and Science Initiative</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ 4,439	\$ -	\$ -
5800	State program revenues	-	2,380,515	117,423	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>-</u>	<u>2,384,954</u>	<u>117,423</u>	<u>-</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	2,384,954	81,454	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	35,969	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>-</u>	<u>2,384,954</u>	<u>117,423</u>	<u>-</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		429	435	446	461
<b>Data Control Codes</b>		<b>Technology Lending Grant</b>	<b>SSA - Regional Day School for the Deaf State</b>	<b>State Local Funded Regional Day School Deaf - Local</b>	<b>Campus Activity Fund</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 8,298	\$ -	\$ 1,052,095	\$ 275,824
5800	State program revenues	82,065	666,857	219	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>90,363</u>	<u>666,857</u>	<u>1,052,314</u>	<u>275,824</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	88,963	509,986	794,675	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	1,019	-
0021	Instructional leadership	1,400	-	243,709	-
0023	School leadership	-	-	-	387,642
0031	Guidance, counseling and evaluation services	-	68,189	10,901	-
0032	Social work services	-	-	-	-
0033	Health services	-	88,682	1,235	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	775	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>90,363</u>	<u>666,857</u>	<u>1,052,314</u>	<u>387,642</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	(111,818)
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	(111,818)
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>3,051</u>	<u>-</u>	<u>433,895</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ 3,051</u>	<u>\$ -</u>	<u>\$ 322,077</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		481	483	484	485
<b>Data Control Codes</b>		<b>BASF Foundation - Science</b>	<b>Natatorium Swim Program</b>	<b>Campus After School Program</b>	<b>Exxon-Mobil Future Leaders</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ 13,031	\$ 62,408	\$ 1,500
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>-</u>	<u>13,031</u>	<u>62,408</u>	<u>1,500</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	12,837	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	194	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	1,500
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	62,408	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>-</u>	<u>13,031</u>	<u>62,408</u>	<u>1,500</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		486	487	488	489
<b>Data Control Codes</b>		<b>ExxonMobil - Project Boost</b>	<b>Exxon-Mobil Reading Initiative</b>	<b>Texas School Ready</b>	<b>Community Education Program</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ 8,302	\$ 3,745	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	-	8,302	3,745	-
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	6,895	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	1,407	3,745	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	-	8,302	3,745	-
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	-	-	-	-
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	-	-	-	-
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	\$ -	\$ -	\$ -	\$ -

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		490	491	492	493
<b>Data Control Codes</b>		<b>GED Testing - Adult Education</b>	<b>Misc Grants</b>	<b>Thomas Center - Scoreboard</b>	<b>DaVinci Minds Grant</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ 3,216	\$ 40,118	\$ 610,922
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>-</u>	<u>3,216</u>	<u>40,118</u>	<u>610,922</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	-	-	-
0012	Instruction resources and media services	-	3,216	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	40,118	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	610,922
0061	Community services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>-</u>	<u>3,216</u>	<u>40,118</u>	<u>610,922</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit H-2**  
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		495	497	498	499	
<b>Data Control Codes</b>		<b>Texas Data Champions</b>	<b>Mostyn/Moreno Education Foundation</b>	<b>District Incentive Program</b>	<b>Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ -	\$ 5,000	\$ 16,867	\$ 13,844	\$ 2,660,789
5800	State program revenues	-	-	-	-	3,301,552
5900	Federal program revenues	-	-	-	-	29,698,632
5020	<b>Total Revenues</b>	<u>-</u>	<u>5,000</u>	<u>16,867</u>	<u>13,844</u>	<u>35,660,973</u>
	<b>Expenditures</b>					
	<b>Current:</b>					
0011	Instruction	-	-	-	3,943	16,088,866
0012	Instruction resources and media services	-	-	-	2,442	47,918
0013	Curriculum and instructional staff development	-	-	-	-	445,868
0021	Instructional leadership	-	-	-	-	3,153,454
0023	School leadership	-	-	-	-	711,499
0031	Guidance, counseling and evaluation services	-	-	-	-	1,054,186
0032	Social work services	-	5,000	-	-	382,765
0033	Health services	-	-	-	-	221,573
0034	Student transportation	-	-	-	-	1,463,785
0035	Food service	-	-	-	-	9,752,565
0036	Extracurricular activities	-	-	-	7,459	49,077
0041	General administration	-	-	16,867	-	22,867
0051	Facilities maintenance and operations	-	-	-	-	383,370
0053	Data processing services	-	-	-	-	610,922
0061	Community services	-	-	-	-	976,598
	<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	-	-	-	-	779,265
6030	<b>Total Expenditures</b>	<u>-</u>	<u>5,000</u>	<u>16,867</u>	<u>13,844</u>	<u>36,144,578</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(483,605)</u>
	<b>Other Financing Sources (Uses)</b>					
7912	Sale of real or personal property	-	-	-	-	30,919
7080	<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,919</u>
1200	Net change in fund balances	-	-	-	-	(452,686)
0100	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,802</u>	<u>4,212,353</u>
3000	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,802</u>	<u>\$ 3,759,667</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2020**

**Exhibit H-3**  
**Page 1 of 2**

		836	837	838	839	841
<b>Data Control Codes</b>		<b>Alex Durley Scholarship</b>	<b>Joe H Tonahill Scholarship</b>	<b>Mike Taylor Scholarship</b>	<b>Charles Weinbaum Scholarship</b>	<b>Paul A Brown Scholarship</b>
<b>Assets</b>						
Current Assets						
1110	Cash and cash equivalents	\$ 17,819	\$ 20,491	\$ 3,553	\$ 1,058	\$ -
<b>Receivables:</b>						
1290	Other receivables	-	-	-	-	5,733
<b>1000</b>	<b>Total Assets</b>	<u>17,819</u>	<u>20,491</u>	<u>3,553</u>	<u>1,058</u>	<u>5,733</u>
<b>Liabilities</b>						
Current Liabilities						
2110	Accounts payable	-	-	-	-	-
2190	Due to student groups	-	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>						
3800	Restricted	<u>\$ 17,819</u>	<u>\$ 20,491</u>	<u>\$ 3,553</u>	<u>\$ 1,058</u>	<u>\$ 5,733</u>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2020**

**Exhibit H-3**  
**Page 2 of 2**

		842	843	
<b>Data Control Codes</b>		<b>Wells, Peyton, Greenburg &amp; Hunt</b>	<b>Gulf Coast Area Association of School Boards</b>	<b>Total Private Purpose Trust Funds</b>
	<b>Assets</b>			
	Current Assets			
1110	Cash and cash equivalents	\$ 1,500	\$ 10,500	\$ 54,921
	<b>Receivables:</b>			
1290	Other receivables	-	-	5,733
<b>1000</b>	<b>Total Assets</b>	<u>1,500</u>	<u>10,500</u>	<u>60,654</u>
	<b>Liabilities</b>			
	Current Liabilities			
2110	Accounts payable	-	10,000	10,000
2190	Due to student groups	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
	<b>Net Position</b>			
3800	Restricted	<u>\$ 1,500</u>	<u>\$ 500</u>	<u>\$ 50,654</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2020*

*Exhibit H-4*  
*Page 1 of 2*

	836	837	838	839
	Alex Durley Scholarship	Joe H Tonahill Scholarship	Mike Taylor Scholarship	Charles Weinbaum Scholarship
<b>Additions</b>				
Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
<b>Total additions</b>	-	-	-	-
<b>Deductions</b>				
Non-operating expenses	-	-	-	-
<b>Total deductions</b>	-	-	-	-
Change in net position	-	-	-	-
<b>Net position beginning of year</b>	17,819	20,491	3,553	1,058
<b>Net position end of year</b>	\$ 17,819	\$ 20,491	\$ 3,553	\$ 1,058

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2020*

*Exhibit H-4*  
*Page 2 of 2*

	<b>841</b>	<b>842</b>	<b>843</b>	
	<b>Paul A Brown Scholarship</b>	<b>Wells, Peyton, Greenburg &amp; Hunt</b>	<b>Gulf Coast Area Association of School Boards</b>	<b>Total Private Purpose Trust Funds</b>
<b>Additions</b>				
Local and intermediate sources	\$ -	\$ -	\$ 10,000	\$ 10,000
<b>Total additions</b>	-	-	10,000	10,000
<b>Deductions</b>				
Non-operating expenses	4,500	-	10,000	14,500
<b>Total deductions</b>	4,500	-	10,000	14,500
Change in net position	(4,500)	-	-	(4,500)
<b>Net position beginning of year</b>	10,233	1,500	500	55,154
<b>Net position end of year</b>	\$ 5,733	\$ 1,500	\$ 500	\$ 50,654



## **REQUIRED TEA SCHEDULES**

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
*For the Year Ended June 30, 2020*

*Exhibit J-1*  
*Page 1 of 2*

	1	2	3	10
	Tax Rates		Net Assessed/Appraised	Beginning
Last Ten	Maintenance	Debt Service	Value For School	Balance
Fiscal Years				
			Tax Purposes	7/1/2019
2011 and prior	Various	Various	Various	\$ 3,495,251
2012	1.040000	0.285000	9,279,574,505	512,807
2013	1.040000	0.275000	9,259,420,913	576,542
2014	1.040000	0.275000	9,783,235,099	704,109
2015	1.040000	0.275000	9,775,170,418	835,383
2016	1.040000	0.275000	9,648,331,407	951,773
2017	1.040000	0.275000	9,871,550,494	1,209,245
2018	1.040000	0.254050	10,268,422,996	1,485,076
2019	1.040000	0.254050	10,406,282,292	3,014,732
2020	0.970000	0.254050	11,237,308,760	-
1000 Totals				\$ 12,784,918

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
*For the Year Ended June 30, 2020*

*Exhibit J-1*  
*Page 2 of 2*

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<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 6/30/2020</u>
2011 and prior	-	\$ 106,576	\$ 9,459	\$ (987,407)	\$ 2,391,809
2012	-	20,378	5,584	(12,238)	474,607
2013	-	24,542	6,490	(12,616)	532,894
2014	-	34,830	9,210	(32,269)	627,800
2015	-	58,402	15,445	(34,478)	727,058
2016	-	86,364	31,272	(21,214)	812,923
2017	-	208,567	55,150	(21,058)	924,470
2018	-	254,910	62,269	(84,371)	1,083,526
2019	-	774,123	189,102	(515,209)	1,536,298
2020	<u>137,550,278</u>	<u>102,376,231</u>	<u>31,284,449</u>	<u>(962,785)</u>	<u>2,926,813</u>
<b>1000 Totals</b>	<u>\$ 137,550,278</u>	<u>\$ 103,944,923</u>	<u>\$ 31,668,430</u>	<u>\$ (2,683,645)</u>	<u>12,038,198</u>
Penalty and interest receivable on taxes					<u>9,803,108</u>
<b>Total taxes receivable per Exhibit C-1</b>					<u><u>\$ 21,841,306</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD NUTRITION PROGRAM FUND**  
*For the Year Ended June 30, 2020*

*Exhibit J-2*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
	<b>Revenues</b>				
5700	Local revenues	\$ 692,198	\$ 692,198	\$ 538,180	\$ (154,018)
5800	State program revenues	58,520	58,520	54,473	(4,047)
5900	Federal program revenues	11,228,592	11,228,592	8,948,557	(2,280,035)
<b>5020</b>	<b>Total Revenues</b>	<u>11,979,310</u>	<u>11,979,310</u>	<u>9,541,210</u>	<u>(2,438,100)</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0035	Food services	12,690,659	12,690,659	9,000,104	3,690,555
0051	Facilities maintenance and operations	293,205	383,088	287,982	95,106
	<b>Capital Outlay:</b>				
0081	Facilities acquisition and construction	1,004,000	2,089,654	779,265	1,310,389
<b>6030</b>	<b>Total Expenditures</b>	<u>13,987,864</u>	<u>15,163,401</u>	<u>10,067,351</u>	<u>5,096,050</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(2,008,554)</u>	<u>(3,184,091)</u>	<u>(526,141)</u>	<u>2,657,950</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	30,919	30,919
7080	<b>Total other financing sources at</b>	<u>-</u>	<u>-</u>	<u>30,919</u>	<u>30,919</u>
1200	Net change in fund balances	(2,008,554)	(3,184,091)	(495,222)	2,688,869
<b>0100</b>	<b>Fund balances - beginning</b>	<u>3,578,176</u>	<u>3,578,176</u>	<u>3,578,176</u>	<u>-</u>
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 1,569,622</u>	<u>\$ 394,085</u>	<u>\$ 3,082,954</u>	<u>\$ 2,688,869</u>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
*For the Year Ended June 30, 2020*

*Exhibit J-3*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
	<b>Revenues</b>				
5700	Local and intermediate sources	\$ 28,119,100	\$ 31,988,304	\$ 32,059,586	\$ 71,282
5800	State program revenues	-	-	481,182	481,182
<b>5020</b>	<b>Total Revenues</b>	<u>28,119,100</u>	<u>31,988,304</u>	<u>32,540,768</u>	<u>552,464</u>
	<b>Expenditures</b>				
	<b>Debt Service:</b>				
0071	Principal on long-term debt	15,085,000	20,385,000	19,895,500	489,500
0072	Interest on long-term debt	13,014,100	13,014,100	13,289,365	(275,265)
0073	Bond issuance costs and fees	-	20,000	5,135	14,865
<b>6030</b>	<b>Total Expenditures</b>	<u>28,099,100</u>	<u>33,419,100</u>	<u>33,190,000</u>	<u>229,100</u>
1100	Excess (deficiency) of revenues over expenditures	<u>20,000</u>	<u>(1,430,796)</u>	<u>(649,232)</u>	<u>781,564</u>
1200	Net change in fund balances	20,000	(1,430,796)	(649,232)	781,564
<b>0100</b>	<b>Fund balances - beginning</b>	<u>14,453,007</u>	<u>14,453,007</u>	<u>14,453,007</u>	<u>-</u>
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 14,473,007</u>	<u>\$ 13,022,211</u>	<u>\$ 13,803,775</u>	<u>\$ 781,564</u>



## **FEDERAL AWARDS SECTION**



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

To the Board of Trustees  
Beaumont Independent School District  
Beaumont, 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 Beaumont Independent School District (the “District”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated December 9, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Trustees  
Beaumont Independent School District

### **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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 9, 2020

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

To the Board of Trustees  
Beaumont Independent School District  
Beaumont, Texas

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

We have audited Beaumont Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item #2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item #2020-001, which we consider to be significant deficiency in the District's internal control over compliance.

The District's response to the finding on internal control over compliance identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the District's response.



To the Board of Trustees  
Beaumont Independent School District

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.

*Whitley Penn LLP*

Houston, Texas  
December 9, 2020

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2020*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that is not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes, #2020-001
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes, #2020-001

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
------------------------------------	--------------

**U.S. Department of Education:**

CARES Act, Section 18003 – Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)	84.425D
2019-2020 Charter School Program	84.282A

**U.S. Department of Health and Human Services:**

Head Start – 2020	93.600
Head Start – 2019	93.600

**U.S. Department of Agriculture:**

**Child Nutrition Cluster:**

School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Feeding Program	10.559

Dollar Threshold Considered Between Type A and Type B <i>Federal</i> Programs	\$924,675
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Auditee qualified as low-risk auditee?	Yes
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**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended June 30, 2020***

**II. Financial Statement Findings**

No current findings were noted.

**III. Federal Award Findings and Questioned Costs**

**#2020-001**

<b>Compliance Requirement:</b>	J. Program Income
<b>Federal Program:</b>	Child Nutrition Cluster (10.553, 10.555, 10.559)
<b>Type of Finding:</b>	Significant Deficiency - Internal Control Over Compliance
<b>Criteria:</b>	The District collects money from students for breakfast, lunch, and a la carte meals. Controls over cash collections include review and monitoring by the cafeteria manager. This also includes maintaining supporting documentation evidencing the review process.
<b>Condition:</b>	For 5 out of 40 students tested, we noted no signature on the deposit slip as evidence of review by the cafeteria manager.
<b>Recurring Finding:</b>	No
<b>Questioned Cost:</b>	\$0
<b>Cause:</b>	Lack of monitoring by the District personnel and failure to maintain evidence of review.
<b>Effect:</b>	Lack of proper controls in place and evidence of review process will result to improper or inaccurate cash receipts or misappropriation of asset.
<b>Recommendation:</b>	We recommend the District implement strong internal controls over the collection of cash for student meals (breakfast, lunch, and a la carte). This includes having a formal review and monitoring of cash receipts and deposits by the cafeteria manager. Supporting documents should be maintained and filed. We also recommend the District enhance their formal training and communication with all the cafeteria managers.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

**Exhibit K-1**  
**Page 1 of 2**

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	(3) Federal Expenditures
	<b>U.S. Department of Defense</b>			
	<b>Direct Program:</b>			
N/A	<i>Naval JROTC</i>	199	12.000	\$ 157,663
	<b>Total U.S. Department of Justice</b>			<b>157,663</b>
	<b>U.S. Department of Education</b>			
	<b>Passed Through Texas Education Agency:</b>			
206600011239106000	<i>IDEA-B Formula</i>	224	84.027A	4,234,608
196600011239106000	<i>IDEA-B Formula</i>	224	84.027A	787,600
186600011239106000	<i>IDEA-B Formula</i>	224	84.027A	128,423
206610011239106000	<i>IDEA-B Preschool</i>	225	84.173A	55,180
196610011239106000	<i>IDEA-B Preschool</i>	225	84.173A	19,724
186610011239106000	<i>IDEA-B Preschool</i>	225	84.173A	7,976
66001906	<i>IDEA-B High Cost</i>	226	84.027A	59,840
206600111239106000	<i>IDEA-B Discretionary - Deaf</i>	315	84.027A	114,111
	<b>Total Special Education Cluster (84.027, 84.173 )</b>			<b>5,407,462</b>
	<b>Title I Part A and Title I Part D:</b>			
20610101123910	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	6,160,221
19610101123910	<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	177,948
20610141123910	<i>Title I 1003 School Improvement</i>	211	84.010A	379,429
19610141123910	<i>Title I 1003 School Improvement</i>	211	84.010A	4,294
20610103123910	<i>Title I, Part D, Subpart D - Delinquent Programs</i>	211	84.010A	67,404
206101487110002	<i>ESEA, Title I, Part A - 2019-2021 School Transformation</i>	211	84.010A	747,205
196101427110002	<i>ESEA, Title I, Part A - 2018-2019 School Transformation</i>	211	84.010A	253,253
196101477110005	<i>2019-2020 School Action Fund Planning</i>	289	84.010A	68,050
196101477110006	<i>2019-2020 School Action Fund Planning</i>	289	84.010A	59,123
	<b>Total CFDA # 84.010</b>			<b>7,916,927</b>
20420006123910	<i>Career and Technical - Basic Grant</i>	244	84.048A	327,102
19420006123910	<i>Career and Technical - Basic Grant</i>	244	84.048A	17,251
183911011239103000	<b>Total CFDA # 84.048</b>			<b>344,353</b>
20694501123910	<i>Title II, Part A, Supporting Effective Educator</i>	255	84.367A	691,772
19694501123910	<i>Title II, Part A, Supporting Effective Educator</i>	255	84.367A	129,200
	<b>Total CFDA # 84.367</b>			<b>820,972</b>
185901057110004	<i>2019-2020 Charter School Program</i>	258	84.282A	239,642
185901057110003	<i>2019-2020 Charter School Program</i>	258	84.282A	245,218
	<b>Total CFDA # 84.282</b>			<b>484,860</b>
20671001123910	<i>Title III , Part A, ELA</i>	263	84.365A	165,521
19671001123910	<i>Title III , Part A, ELA</i>	263	84.365A	11,517
	<b>Total CFDA # 84.365</b>			<b>177,038</b>
20521001123910	<i>CARES Act, Section 18003 - Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)</i>	266	84.425D	1,371,331
20680101123910	<i>Title IV Part A Subpart I</i>	289	84.424A	345,570
19680101123910	<i>Title IV Part A Subpart I</i>	289	84.424A	47,655
	<b>Total CFDA # 84.424</b>			<b>393,225</b>
69551902	<i>Summer School LEP</i>	289	84.369A	13,357
	<b>Total CFDA # 84.369</b>			<b>13,357</b>
	<b>Passed Through Save The Children Federations Inc.</b>			
196950267110044	<i>2019-2020 Texas 21st Century Community Learning Centers, Cycle 10, Year 2</i>	265	84.287C	409,402
	<b>Total U.S. Department of Education</b>			<b>17,338,927</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2020

**Exhibit K-1**  
**Page 2 of 2**

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	(3) Federal Expenditures
	<b>U.S. Department of Health &amp; Human Services</b>			
	<b>Direct Program:</b>			
06CH011239	Head Start - 2020	205	93.600	\$ 2,783,752
06CH011239	Head Start - 2019	205	93.600	600,039
	<b>Total CFDA # 93.600</b>			<u>3,383,791</u>
	<b>Passed Through Texas Health and Human Services:</b>			
N/A	Medicaid Administrative Claiming Program – MAC	272	93.778	<u>28,000</u>
	<b>Total U.S. Department of Health &amp; Human Services</b>			<u><b>3,411,791</b></u>
	<b>U.S. Department of Homeland Security</b>			
	<b>Passed Through Texas Department of Public Safety's Division of Emergency Management:</b>			
4332DRTXP0000001	Public Assistance - FEMA Aid	199	97.036	<u>62,596</u>
	<b>Total U.S. Department of Homeland Security</b>			<u><b>62,596</b></u>
	<b>U.S. Department of Agriculture</b>			
	<b>Passed Through the Texas Department of Agriculture:</b>			
	<b>Cash assistance:</b>			
00654	Child and Adult Care Program	240	10.558	2,673
	<b>Non Cash assistance (Commodities):</b>			
CE654	National School Lunch Program	240	10.555	702,933
	<b>Cash Assistance:</b>			
00654	COVID-19 Summer Feeding Program	242	10.559	895,678
00654	Summer Feeding Program	242	10.559	7,289
	<b>Passed Through Texas Education Agency:</b>			
	<b>Cash assistance:</b>			
71402001	School Breakfast Program	240	10.553	1,735,148
71401901	School Breakfast Program	240	10.553	466,838
71302001	National School Lunch Program	240	10.555	4,747,224
71301901	National School Lunch Program	240	10.555	1,293,741
	<b>Total Child Nutrition Cluster (10.553, 10.555, 10.559)</b>			<u>9,848,851</u>
	<b>Total U.S. Department of Agriculture</b>			<u><b>9,851,524</b></u>
	<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 30,822,501</b></u>

**Note 1 - Basis of Accounting**

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total Expenditures of Federal Awards on Exhibit K-1	\$ 30,822,501
Build America Bonds - Federal Interest Subsidy	1,086,440
Medicaid SHARS	1,615,596
Total Federal Revenue - Exhibit C-3	<u>\$ 33,524,537</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**

**Exhibit K-2**

**Note 4 - General Fund Expenditures**

Federal Awards reported in the general fund are summarized as follows:

Federal Revenue reported in the General Fund

Medicaid SHARS	\$ 1,615,596
Build America Bonds - Federal Interest Subsidy	1,086,440
Naval JROTC	157,663
FEMA Aid	62,596
Indirect Costs:	
ESEA, Title I, Part A	424,323
IDEA-B Formula	202,911
SSA - IDEA - Part B, Discretionary	6,216
IDEA-B Preschool	7,885
Carl D. Perkins Basic Grant	9,966
Title III , Part A, LEP	9,501
Title II, Part A, Supporting Effective Educator	47,361
Title IV Part A Subpart 1	29,502
CARES Act, Section 18003 - Elementary and Secondary	
School Emergency Relief Fund (ESSER) Grant (COVID-19)	165,945
Total Federal Revenue reported in the General Fund	<u>\$ 3,825,905</u>

# **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Fiscal Year Ended June 30, 2020***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and all audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

### **I. Prior Year Findings**

None reported



## **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

### ***CORRECTIVE ACTION PLAN***

***For the Fiscal Year Ended June 30, 2020***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

#### **V. Corrective Action Plan**

**Compliance Requirement:** Program Income

**Federal Program:** Child Nutrition Cluster (10.553, 10.555, 10.559)

**Type of Finding:** Significant Deficiency - Internal Control Over Compliance

**Description:** Email was sent to all managers setting (re-educating) expectations for the necessity of signatures on deposit slips and deposit bags on December 8, 2020 . Cafeteria managers have all sent in an email confirming receipt of that expectations. Child Nutrition (CN) will provide a check of deposit slips on campus once per semester while they are on-site for the CN program audit starting next semester. Virtual meeting for leaders with cash handling responsibilities was held on December 15, 2020. All managers are asked to send copies of deposit slips from 3 operating days that the Director of Child Nutrition selects. On-site visits will be done quarterly for the remainder of the year.

**Responsible Party:** Tiffany Eckenrod, Director of Child Nutrition

**Estimated Completion Date:** June 2021

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## Schedule L-1 – Required Responses to Selected School FIRST Indicators

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	<p>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?</p> <p>(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered <b>to not have made</b> timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	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.	\$ 1,333,190

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).