

**BEAUMONT INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**For the Fiscal Year Ended June 30, 2019**



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## **INTRODUCTORY SECTION**



## CERTIFICATE OF BOARD

**Beaumont Independent School District**

Name of School District

**Jefferson County**

County

**123-910**

Co. - Dist. No.

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, 2019, at a meeting of the Board of Trustees/Board of Managers of such school district on November 12, 2019.

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

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





## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees/Board of Managers  
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, 2019, 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, 2019 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 63 and 64, and pension related information and other post-employment benefit information on pages 65 through 70; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, 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/Board of Managers  
Beaumont Independent School District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019, 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.

*Whitley Penn LLP*

Houston, Texas  
November 5, 2019



## **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, 2019.

#### **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 \$58,624,140 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$43,661,241). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2019. 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 \$19,385,931. The significant increase was mainly due to increase in charges for services and operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$74,860,080, an increase of \$13,660,951 in comparison with the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund of \$53,613,915 is 36 percent of total general fund expenditures.
- The District's total bonded debt decreased by \$16,300,000 (5 percent) during the current fiscal year. There was a cash defeasance in the amount of \$5,625,000 during fiscal year 2019. The par amount of the refunded bonds was \$5,305,000 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 five 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 two 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 \$58,624,140 at the close of the most recent fiscal year.

The largest portion of the District's net position \$88,287,601 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, 2019, the District's net position included the following:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 107,276,111	\$ 95,978,524
Capital assets, net of depreciation and noncurrent assets	427,588,001	434,444,765
<b>Total Assets</b>	<b>534,864,112</b>	<b>530,423,289</b>
Deferred charge on refunding	4,436,277	4,632,249
Deferred outflows - pension	26,810,989	17,717,779
Deferred outflows - OPEB	10,567,107	846,352
<b>Total Deferred Outflows of Resources</b>	<b>41,814,373</b>	<b>23,196,380</b>
Current liabilities	28,279,377	30,512,401
Long term liabilities	463,235,190	451,441,460
<b>Total Liabilities</b>	<b>491,514,567</b>	<b>481,953,861</b>
Deferred inflows - pension	5,167,521	9,473,131
Deferred inflows - OPEB	21,372,257	22,954,468
<b>Total Deferred Inflows of Resources</b>	<b>26,539,778</b>	<b>32,427,599</b>
<b>Net Position:</b>		
Net investment in capital assets	88,287,601	77,023,003
Restricted	13,997,780	13,111,823
Unrestricted	(43,661,241)	(50,896,617)
<b>Total Net Position</b>	<b>\$ 58,624,140</b>	<b>\$ 39,238,209</b>

Net position is restricted for various purposes as follows:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Federal and state programs	\$ 3,778,458	\$ 3,112,394
Debt service	10,219,322	9,999,429
	<b>\$ 13,997,780</b>	<b>\$ 13,111,823</b>

Unrestricted net position for governmental activities, 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, amounted to deficit of (\$43,661,241) at June 30, 2019. The District's net position increased by \$19,385,931 during the current fiscal year. This is due to the net pension and OPEB liabilities.

***Changes in Net Position***

The Net Position of the District increased by \$19.4 million for the year ended June 30, 2019. The total revenues from taxpayers, user service fees, grants and other sources for the District was \$196.3 million. The extraordinary item in the amount of \$652,154 was related to allocating indebtedness and property from Beaumont Independent School District to Hardin-Jefferson Independent School District. Total general revenues decreased by \$4.6 million compared to fiscal year 2018 due to significant decrease in state aid formula grants. Total expenses for the 2019 fiscal year were \$211.2 million or \$56.8 million more than expenses of fiscal year 2018.

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

**Comparative Schedule of Changes in Net Position**  
**For the Years Ended June 30, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Program Revenues</b>		
Charges for services	\$ 14,530,915	\$ 7,093,967
Operating grants and contributions	47,653,454	13,716,663
<b>General Revenues</b>		
Property taxes	134,130,692	133,459,970
State Aid - Formula Grants	28,612,562	37,247,800
Investment earnings	1,736,979	984,986
Extraordinary item - equitable allocation of indebtedness	652,154	-
Other	3,267,136	1,342,342
<b>Total Revenues</b>	<b>230,583,892</b>	<b>193,845,728</b>
<b>Expenses</b>		
Instruction	106,010,597	67,825,794
Instructional resources and media services	1,525,253	1,080,665
Curriculum and staff development	1,179,418	913,140
Instructional leadership	6,831,502	3,865,256
School leadership	11,429,493	6,995,219
Guidance, counseling, and evaluation services	6,385,368	3,830,826
Social work services	573,942	300,953
Health services	2,402,109	1,480,373
Student transportation	6,779,364	4,082,405
Food service	11,066,087	10,884,018
Extracurricular activities	6,285,815	4,390,901
General administration	7,859,447	4,950,475
Plant, maintenance and operations	22,449,944	23,615,234
Security and monitoring services	2,918,104	1,631,386
Data processing services	2,135,563	2,051,836
Community services	818,188	624,436
Interest on long-term debt	12,989,427	13,395,508
Debt issuance costs and fees	5,635	952,168
Payments to fiscal agent/member districts of SSA	263,168	275,373
Payments to Juvenile Justice Alternative Education Programs	150,000	150,000
Other intergovernmental charges	1,139,537	1,128,364
<b>Total Expenses</b>	<b>211,197,961</b>	<b>154,424,330</b>
Increase (Decrease) in Net Position	19,385,931	39,421,398
<b>Beginning Net Position</b>	<b>39,238,209</b>	<b>97,831,061</b>
<b>Prior Period Adjustments *</b>	<b>-</b>	<b>(98,014,250)</b>
<b>Ending Net Position</b>	<b>\$ 58,624,140</b>	<b>\$ 39,238,209</b>

\* Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year. Changes for revenues and expenses prior to the implementation have not been calculated and are not available for comparison

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

**Governmental Activities**

Governmental activities increased the District's net position by \$19,385,931 for the year ended June 30, 2019. The increase was caused by the increase in charges for services and operating grants and contributions revenue. In the prior year, there was a significant reduction in operating grants and contributions revenue mainly due to the recognition of the negative OPEB on-behalf revenue. Property tax revenues increased by \$670,722 due to the increase in property values. State and other grant revenue decreased by \$8.6 million mainly due to the state funding related to state compensatory education for free/reduced lunch students. Approximately 58 percent of the District's revenues came from property taxes, with an additional 12 percent derived from state funding formulas. Last fiscal year, 69 percent of the District's revenues came from property taxes and 19 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	\$ 134,130,692	58.2%
State Aid - Formula Grants	28,612,562	12.4%
Operating grants and contributions	47,653,454	20.7%
Charges for services	14,530,915	6.3%
Investment earnings	1,736,979	0.8%
Extraordinary item - equitable allocation of indebtedness	652,154	0.2%
Other revenue	3,267,136	1.4%
<b>Total Revenues</b>	<b>\$ 230,583,892</b>	<b>100%</b>

Fiscal year 2019 expenses are \$56.8 million more than fiscal year 2018. Over 50 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, 82 percent of the District's expenses were spent on direct student services. In the prior year, the District recognized a negative expense related to OPEB.

**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 71.5% or \$150.96 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	\$ 106,010,597	50.2%
School Leadership	11,429,493	5.4%
Food service	11,066,087	5.2%
Plant, maintenance and operations	22,449,944	10.6%
Interest expense	12,989,427	6.2%
Other expenses	47,252,413	22.4%
<b>Total Expenses</b>	<b>\$ 211,197,961</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 \$13,660,951 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 \$53,613,915, while total fund balance reached \$56,194,720. 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 36 percent of total general fund expenditures, while total fund balance represents 37 percent of that same amount. The fund balance of the District's general fund increased by \$13,136,954 during the current fiscal year, due to revenues being higher than expenditures.

The *debt service fund* has a total fund balance of \$14,453,007, all of which is restricted for the retirement of funded indebtedness. The net increase in fund balance during the current year of \$6,743 was due to the extraordinary item in the amount of \$652,154.

**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	\$ 160,165,132	\$ 165,030,776
Total expenditures	160,165,132	167,654,781
<b>Net change in fund balance</b>	<b>-</b>	<b>\$ (2,624,005)</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 and sale of property 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, 2019 includes land, buildings and improvements, furniture and equipment, and construction in progress. The investment in capital assets for the current year was \$427,588,001. The following table summarizes the investment in capital assets as of June 30, 2019 and August 31, 2018:

	<b>2019</b>	<b>2018</b>
Land	\$ 14,484,184	\$ 14,664,846
Buildings and improvements	534,995,475	529,138,081
Furniture and equipment	24,275,959	25,783,540
Vehicles	13,426,567	12,770,826
Construction in progress	629,254	2,869,718
<b>Total</b>	<b>587,811,439</b>	<b>585,227,011</b>
Accumulated depreciation	(160,223,438)	(150,782,246)
<b>Net capital assets</b>	<b>\$ 427,588,001</b>	<b>\$ 434,444,765</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 \$316,380,000 in bonded debt outstanding, a decrease of \$16,300,000 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, 2019 are as follows:

<b>Outstanding 07/01/18</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding 06/30/19</b>
\$ 332,680,000	\$ -	\$ (16,300,000)	\$ 316,380,000

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 2019-2020:

- The maintenance and operations tax rate for fiscal year 2019-2020 is \$0.97 while the debt service tax rate is \$.25405 for a total tax rate of \$1.22405.
- The District adopted a General Fund budget for the year ended June 30, 2020 of \$162.5 million in revenues and expenditures.
- The Debt Service revenues are budgeted for \$28.1 million and expenditures are budgeted for \$28.1 million.
- The Child Nutrition budget is set for \$12.0 million in revenues and \$14.0 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.

On October 24, 2019 Fitch Ratings upgraded the District's general obligation debt rating to an A from A- rating with a Stable outlook. The District continues to work diligently to restore the ratings to original status.

At the August 15, 2019 regular meeting, Board President A.B. Bernard resigned, effective August 15, 2019. The Board currently operates with four (4) Board of Trustees and one (1) Board of Manager.

**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, 2019**

*Exhibit A-1*

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 85,556,343
1220	Property taxes receivables, net	6,667,506
1240	Due from other governments	12,012,460
1267	Due from fiduciary funds	126,203
1290	Other receivables, net	157,444
1300	Inventories	35,992
1410	Prepaid items	2,720,163
	<b>Capital assets not subject to depreciation:</b>	
1510	Land	14,484,184
1580	Construction in progress	629,254
	<b>Capital assets net of depreciation:</b>	
1520	Buildings and improvements, net	399,190,051
1530	Furniture and equipment, net	3,264,948
1531	Vehicles, net	10,019,564
<b>1000</b>	<b>Total Assets</b>	<b>534,864,112</b>
	<b>Deferred outflows of resources</b>	
1701	Deferred charge on refunding	4,436,277
1705	Deferred outflows - pension	26,810,989
1710	Deferred outflows - OPEB	10,567,107
	<b>Total deferred outflows of resources</b>	<b>41,814,373</b>
	<b>Liabilities</b>	
2110	Accounts payable	6,730,257
2140	Interest payable	4,880,287
2150	Payroll deductions and withholdings	1,296,924
2160	Accrued wages payable	14,336,026
2177	Due to fiduciary funds	1,175
2180	Due to other governments	10,959
2300	Unearned revenue	1,023,749
	<b>Noncurrent Liabilities:</b>	
2501	Due within one year	14,487,852
2502	Due in more than one year	332,620,244
2540	Net Pension Liability	48,541,296
2545	Net Other Post-Employment Benefits (OPEB) Obligation	67,585,798
<b>2000</b>	<b>Total Liabilities</b>	<b>491,514,567</b>
	<b>Deferred Inflows of Resources</b>	
2605	Deferred inflows - pension	5,167,521
2606	Deferred inflows - OPEB	21,372,257
<b>2600</b>	<b>Deferred Inflows of Resources</b>	<b>26,539,778</b>
	<b>Net Position</b>	
3200	Net investment in capital assets	88,287,601
	<b>Restricted for:</b>	
3820	Federal and state programs	3,778,458
3850	Debt service	10,219,322
3900	Unrestricted	(43,661,241)
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 58,624,140</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**
**Exhibit B-1**
**STATEMENT OF ACTIVITIES**
**For Year ended June 30, 2019**

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Primary Government
	<b>Governmental activities:</b>				<b>Governmental Activities</b>
11	Instruction	\$ 106,010,597	\$ 11,869,567	\$ 23,147,908	\$ (70,993,122)
12	Instructional resources and media services	1,525,253	24,924	176,029	(1,324,300)
13	Curriculum and staff development	1,179,418	51	620,403	(558,964)
21	Instructional leadership	6,831,502	2,222	2,935,428	(3,893,852)
23	School leadership	11,429,493	413,223	1,186,183	(9,830,087)
31	Guidance, counseling, and evaluation services	6,385,368	56,013	1,192,650	(5,136,705)
32	Social work services	573,942	-	279,389	(294,553)
33	Health services	2,402,109	51	3,406,329	1,004,271
34	Student transportation	6,779,364	-	586,789	(6,192,575)
35	Food service	11,066,087	1,618,567	9,371,672	(75,848)
36	Extracurricular activities	6,285,815	411,339	383,357	(5,491,119)
41	General administration	7,859,447	13,053	1,134,062	(6,712,332)
51	Facilities maintenance and operations	22,449,944	62,975	836,270	(21,550,699)
52	Security and monitoring services	2,918,104	-	203,439	(2,714,665)
53	Data processing services	2,135,563	16,520	370,637	(1,748,406)
61	Community services	818,188	42,410	667,477	(108,301)
72	Interest on long-term debt	12,989,427	-	523,500	(12,465,927)
73	Debt issuance costs and fees	5,635	-	-	(5,635)
81	Facilities repairs and maintenance		-	631,932	631,932
93	Payments to fiscal agent/member districts of SSA	263,168	-	-	(263,168)
95	Payments to Juvenile Justice Alternative Education Programs	150,000	-	-	(150,000)
99	Other intergovernmental charges	1,139,537	-	-	(1,139,537)
<b>TG</b>	<b>Total governmental activities</b>	<b>\$ 211,197,961</b>	<b>\$ 14,530,915</b>	<b>\$ 47,653,454</b>	<b>(149,013,592)</b>

  

Data Control Codes		General revenues:
		<b>Taxes:</b>
<b>MT</b>	Property taxes, levied for general purposes	105,370,799
<b>DT</b>	Property taxes, levied for debt service	28,759,893
<b>SF</b>	State-aid formula grants	28,612,562
<b>IE</b>	Investment earnings	1,736,979
<b>MI</b>	Miscellaneous	3,267,136
<b>EI</b>	Extraordinary item - equitable allocation of indebtedness	652,154
<b>TR</b>	Total general revenues	168,399,523
<b>CN</b>	Change in net position	19,385,931
<b>NB</b>	Net position - beginning	39,238,209
<b>NE</b>	Net position - ending	\$ 58,624,140

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

*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	\$ 67,570,987	\$ 13,148,489	\$ 4,100,469	\$ 84,819,945
	<b>Receivables:</b>				
1220	Property taxes - delinquent	19,022,542	4,960,249	-	23,982,791
1230	Allowance for uncollectible taxes (credit)	(13,197,751)	(4,117,534)	-	(17,315,285)
1240	Receivables from other governments	6,405,208	-	5,607,252	12,012,460
1260	Due from other funds	1,998,088	1,094,155	2,075,205	5,167,448
1290	Other receivables	146,726	4,750	5,968	157,444
1300	Inventories	-	-	35,992	35,992
1410	Prepaid items	2,580,805	9,500	418	2,590,723
<b>1000</b>	<b>Total Assets</b>	<u>\$ 84,526,605</u>	<u>\$ 15,099,609</u>	<u>\$ 11,825,304</u>	<u>\$ 111,451,518</u>
	<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
	<b>Liabilities</b>				
2110	Accounts payable	\$ 2,575,742	\$ -	\$ 2,383,843	\$ 4,959,585
2150	Payroll deduction and withholdings	1,218,120	-	78,804	1,296,924
2160	Accrued wages payable	12,398,753	-	1,937,273	14,336,026
2170	Due to other funds	6,915,142	-	2,376,975	9,292,117
2180	Payable to other governments	-	-	10,959	10,959
2300	Unearned revenue	198,652	-	825,097	1,023,749
<b>2000</b>	<b>Total Liabilities</b>	<u>23,306,409</u>	<u>-</u>	<u>7,612,951</u>	<u>30,919,360</u>
	<b>Deferred Inflows of Resources</b>				
2601	Unavailable revenues - property taxes	5,025,476	646,602	-	5,672,078
	<b>Total Deferred Inflows of Resources</b>	<u>5,025,476</u>	<u>646,602</u>	<u>-</u>	<u>5,672,078</u>
	<b>Fund Balance</b>				
	<b>Non-Spendable:</b>				
3430	Prepaid items	2,580,805	-	-	2,580,805
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	3,778,458	3,778,458
3480	Retirement of long-term debt	-	14,453,007	-	14,453,007
	<b>Committed:</b>				
3545	Other purposes	-	-	433,895	433,895
3600	Unassigned	53,613,915	-	-	53,613,915
<b>3000</b>	<b>Total fund balances</b>	<u>56,194,720</u>	<u>14,453,007</u>	<u>4,212,353</u>	<u>74,860,080</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 84,526,605</u>	<u>\$ 15,099,609</u>	<u>\$ 11,825,304</u>	<u>\$ 111,451,518</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**STATEMENT OF NET POSITION**  
*June 30, 2019*

*Exhibit C-2*

<b>Data Control Codes</b>	<b>Total fund balance, governmental funds</b>	<b>\$ 74,860,080</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.	427,588,001
<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).	5,672,078
<b>3</b>	Deferred charge on refunding	4,436,277
<b>4</b>	Deferred outflows relating to pension activities	26,810,989
<b>5</b>	Deferred outflows relating to other post employment benefits	10,567,107
	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	(316,380,000)
<b>7</b>	Premium/Discount on issuance	(19,277,073)
<b>8</b>	Accumulated accretion on capital appreciation bonds	(1,302,088)
<b>9</b>	Capital leases payable	(8,079,604)
<b>10</b>	Accrued compensated absences	(2,069,330)
<b>11</b>	Accrued interest payable	(4,880,288)
<b>12</b>	Net pension liability	(48,541,296)
<b>13</b>	Net other post employment benefit liability	(67,585,798)
<b>14</b>	Deferred inflows relating to pension activities	(5,167,521)
<b>15</b>	Deferred inflows relating to other post employment benefits	(21,372,257)
<b>16</b>	Addition of Internal Service fund net position (see D-1)	<u>3,344,863</u>
<b>19</b>	<b>Total net position-governmental activities</b>	<u><u>\$ 58,624,140</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

*Exhibit C-3*

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 122,468,255	\$ 29,078,392	\$ 3,193,087	\$ 154,739,734
5800	State program revenues	35,223,534	523,500	3,054,618	38,801,652
5900	Federal program revenues	5,138,545	-	26,300,299	31,438,844
<b>5020</b>	<b>Total revenues</b>	<b>162,830,334</b>	<b>29,601,892</b>	<b>32,548,004</b>	<b>224,980,230</b>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	78,572,047	-	14,693,810	93,265,857
0012	Instruction resources and media services	1,272,868	-	68,219	1,341,087
0013	Curriculum and instructional staff development	499,730	-	606,799	1,106,529
0021	Instructional leadership	3,293,502	-	2,616,313	5,909,815
0023	School leadership	9,231,969	-	772,756	10,004,725
0031	Guidance, counseling and evaluation services	4,869,426	-	716,499	5,585,925
0032	Social work services	219,378	-	255,639	475,017
0033	Health services	1,886,920	-	247,544	2,134,464
0034	Student transportation	6,027,051	-	39,715	6,066,766
0035	Food services	-	-	10,327,576	10,327,576
0036	Extracurricular activities	5,648,505	-	67,567	5,716,072
0041	General administration	7,055,636	-	13,053	7,068,689
0051	Facilities maintenance and operations	20,960,555	-	268,067	21,228,622
0052	Security and monitoring services	2,725,870	-	-	2,725,870
0053	Data processing services	1,966,455	-	16,520	1,982,975
0061	Community services	96,039	-	666,964	763,003
<b>Debt service:</b>					
0071	Principal on long-term debt	913,024	16,300,000	-	17,213,024
0072	Interest on long-term debt	201,940	13,941,668	-	14,143,608
0073	Debt issuance costs and fees	-	5,635	-	5,635
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	3,483,595	-	699,507	4,183,102
<b>Intergovernmental:</b>					
0093	Payments to Fiscal Agent/Member				
	Districts of SSA	263,168	-	-	263,168
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	150,000	-	-	150,000
0099	Other intergovernmental charges	1,139,537	-	-	1,139,537
<b>6030</b>	<b>Total Expenditures</b>	<b>150,477,215</b>	<b>30,247,303</b>	<b>32,076,548</b>	<b>212,801,066</b>
	Excess (deficiency) of revenues				
1100	over expenditures	12,353,119	(645,411)	471,456	12,179,164
<b>Other Financing Sources (Uses)</b>					
7912	Sale of real or personal property	790,327	-	39,306	829,633
7915	Transfers in	-	-	6,492	6,492
8911	Transfers out	(6,492)	-	-	(6,492)
<b>7080</b>	<b>Total other financing sources (uses)</b>	<b>783,835</b>	<b>-</b>	<b>45,798</b>	<b>829,633</b>
7919	Extraordinary item - equitable allocation of indebtedness	-	652,154	-	652,154
1200	Net change in fund balances	13,136,954	6,743	517,254	13,660,951
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	<b>43,057,766</b>	<b>14,446,264</b>	<b>3,695,099</b>	<b>61,199,129</b>
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<b>\$ 56,194,720</b>	<b>\$ 14,453,007</b>	<b>\$ 4,212,353</b>	<b>\$ 74,860,080</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, 2019**

**Exhibit C-4**

<b>Data Control Codes</b>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 13,660,951
	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	5,296,772
2	Governmental funds depreciation expense	(11,912,074)
3	Net effect of other retirements and adjustments to capital assets	(241,462)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(692,604)
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.	2,706,687
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	909,865
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.	16,300,000
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.	913,024
	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	276,216
10	Decrease in accrued compensated absences	287,521
11	Amortization of premium/discount	1,104,310
12	Increase in accumulated accretion on capital appreciation bonds	(30,374)
13	Amortization of deferred charge on refunding	(195,972)
14	Pension expense for the pension plan measurement year	(6,965,641)
15	OPEB expense for the current fiscal year	(2,317,335)
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).	286,047
	<b>Change in net position of governmental activities (see B-1)</b>	<b>\$ 19,385,931</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

*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	\$ 736,398
1260	Due from other funds	4,249,697
1410	Prepaid Items	129,440
	<b>Total Current Assets</b>	<b>5,115,535</b>
1000	<b>Total Assets</b>	<b>5,115,535</b>
	<b>Liabilities</b>	
	<b>Current Liabilities:</b>	
2200	Accrued expenses	1,770,672
	<b>Total Current Liabilities</b>	<b>1,770,672</b>
2000	<b>Total Liabilities</b>	<b>1,770,672</b>
	<b>Net Position</b>	
3900	Unrestricted net position	3,344,863
3000	<b>Total Net Position</b>	<b>\$ 3,344,863</b>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2019*

*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	\$ 229,731
5754	Interfund services provided	672,179
5020	<b>Total Operating Revenues</b>	<u>901,910</u>
	<b>Operating Expenses</b>	
6400	Claims expense and other operating expenses	615,863
6030	<b>Total Operating Expenses</b>	<u>615,863</u>
1200	Change in Net Position	286,047
0100	<b>Net Position - July 1 (Beginning)</b>	<u>3,058,816</u>
3300	<b>Net Position - June 30 (Ending)</b>	<u><u>\$ 3,344,863</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2019*

*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	\$ 1,427,634
Cash payments for insurance claims	(961,219)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>466,415</u>
Net change in Cash and Cash Equivalents	466,415
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>269,983</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 736,398</u></u>
<b>Reconciliation to Balance Sheet</b>	
Cash and Cash Equivalents Per Cash Flow	<u>\$ 736,398</u>
Cash and Cash Equivalents per Balance Sheet	<u><u>\$ 736,398</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 286,047
Change in Assets and Liabilities:	
Decrease (increase) in Interfund Receivables	525,724
Decrease (increase) in Prepaid Items	32
Increase (decrease) in Accrued Expenses	<u>(345,388)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u><u>\$ 466,415</u></u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
*June 30, 2019*

*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	\$ 55,154	\$ 485,933
	<b>Receivables:</b>		
1290	Other receivables	-	4,360
<b>1000</b>	<b>Total Assets</b>	<u>55,154</u>	<u>\$ 490,293</u>
	<b>Liabilities</b>		
	Current Liabilities		
2110	Accounts payable	-	\$ 1,579
2170	Due to other funds	-	125,028
2190	Due to student groups	-	363,686
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>\$ 490,293</u>
	<b>Net Position</b>		
3800	Restricted	<u>\$ 55,154</u>	

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2019*

*Exhibit E-2*

	<b>Private Purpose Trust Funds</b>
<b>Additions</b>	
Gifts and contributions	\$ 1,500
<b>Total additions</b>	<u>1,500</u>
<b>Deductions</b>	
Non-operating expenses	<u>1,500</u>
<b>Total deductions</b>	<u>1,500</u>
Change in net position	-
<b>Net position beginning of year</b>	<u>55,154</u>
<b>Net position end of year</b>	<u><u>\$ 55,154</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 columns 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, 2019 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:

- *Nonspendable 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 no assigned fund balance during the current fiscal year.
- *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**

GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued in November 2016 and is effective for fiscal year 2019. It addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The District has determined that that this statement does not impact the district.

**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, 2019, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$5,053,037 and the bank balance was \$7,786,001. The District's cash deposits at June 30, 2019, 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.

At June 30, 2019, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
<b>Governmental Activities</b>			
Cash and deposits	\$ 4,511,950	N/A	N/A
<i>Investments</i>			
Local Government Investment Pools			
TexPool	4,017,888	35	AAAm
Lone Star Corporate Overnight Fund	2,184,544	54	AAA
Lone Star Corporate Overnight Plus Fund	70,574,609	49	AAA
Lone Star Government Overnight Fund	4,267,352	26	AAA
<b>Total Investments</b>	<u>81,044,393</u>	47	
<b>Total Governmental Activities</b>	<u>85,556,343</u>		
<b>Fiduciary Funds</b>			
Cash and Deposits	541,087	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>541,087</u>		
<b>Total</b>	<u>\$ 86,097,430</u>		

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2019 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, 2019, 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	\$ 4,017,888	\$ 4,017,888
Lone Star Corporate Overnight Fund	2,184,544	2,184,544
Lone Star Corporate Overnight Plus Fund	70,574,609	70,574,609
Lone Star Government Overnight Fund	4,267,352	4,267,352
	<u>\$ 81,044,393</u>	<u>\$ 81,044,393</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, 2019, the District's investments in Texas Pool were rated AAAm.

**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, 2019, 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	\$ 19,022,542	\$ 4,960,249	\$ -	\$ 23,982,791
Due from other governments	6,405,208	-	5,607,252	12,012,460
Other	146,726	4,750	5,968	157,444
Gross Receivables	25,574,476	4,964,999	5,613,220	36,152,695
Less allowance for doubtful accounts	(13,197,751)	(4,117,534)	-	(17,315,285)
<b>Net Total Receivables</b>	<b>\$ 12,376,725</b>	<b>\$ 847,465</b>	<b>\$ 5,613,220</b>	<b>\$ 18,837,410</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 2019, the various components of unearned revenues reported in the governmental funds were as follows:

	<b>Unearned</b>
Advanced collection of fees	\$ 198,652
Unearned federal revenue	309,757
Unearned state and local revenue	515,340
	<b>\$ 1,023,749</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, 2019, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Net</b>
<b>Governmental Activities:</b>			
General Fund	\$ 1,998,088	\$ 6,915,142	\$ (4,917,054)
Debt Service	1,094,155	-	1,094,155
Nonmajor Governmental Funds	2,075,205	2,376,975	(301,770)
Nonmajor Internal Service Funds	4,249,697	-	4,249,697
<b>Total Governmental Activities</b>	<b>9,417,145</b>	<b>9,292,117</b>	<b>125,028</b>
Fiduciary Funds	-	125,028	(125,028)
<b>Total</b>	<b>\$ 9,417,145</b>	<b>\$ 9,417,145</b>	<b>\$ -</b>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Exhibit F-1**  
**(continued)**

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

**Governmental Activities:**

	<b>Balance July 01, 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>(Retirements)</b>	<b>Balance June 30, 2019</b>
<b>Governmental Capital Assets</b>					
Capital assets, not being depreciated:					
Land	\$ 14,664,846	\$ -	\$ -	\$ (180,662)	\$ 14,484,184
Construction in progress	2,869,718	629,254	(2,869,718)	-	629,254
<b>Total Capital assets, not being depreciated</b>	<b>17,534,564</b>	<b>629,254</b>	<b>(2,869,718)</b>	<b>(180,662)</b>	<b>15,113,438</b>
Capital assets, being depreciated:					
Buildings and improvements	529,138,081	3,074,639	2,869,718	(86,963)	534,995,475
Furniture and equipment	12,770,826	1,144,850	-	(489,109)	13,426,567
Vehicles	25,783,540	448,029	-	(1,955,610)	24,275,959
<b>Total Capital assets, being depreciated</b>	<b>567,692,447</b>	<b>4,667,518</b>	<b>2,869,718</b>	<b>(2,531,682)</b>	<b>572,698,001</b>
Less accumulated depreciation for:					
Buildings and improvements	(126,066,740)	(9,766,274)	-	27,590	(135,805,424)
Furniture and equipment	(9,904,706)	(744,595)	-	487,682	(10,161,619)
Vehicles	(14,810,800)	(1,401,205)	-	1,955,610	(14,256,395)
<b>Total Accumulated depreciation</b>	<b>(150,782,246)</b>	<b>(11,912,074)</b>	<b>-</b>	<b>2,470,882</b>	<b>(160,223,438)</b>
<b>Governmental Capital Assets</b>	<b>\$434,444,765</b>	<b>\$ (6,615,302)</b>	<b>\$ -</b>	<b>\$ (241,462)</b>	<b>\$427,588,001</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	\$ 6,350,210
Instructional resources and media services	91,348
Curriculum and staff development	75,167
Instructional leadership	402,548
School leadership	681,473
Guidance, counseling and evaluation services	380,486
Social work services	32,356
Health services	145,389
Student transportation	413,239
Food Services	703,096
Extracurricular activities	388,872
General administration	481,484
Plant maintenance and operations	1,445,666
Security and monitoring services	185,673
Data processing services	135,067
<b>Total Governmental Activities</b>	<b>\$ 11,912,074</b>

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

Construction budgets and remaining commitments under related construction contracts as of June 30, 2019, follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
Beaumont United	\$ 79,800	\$ 55,461	\$ 24,339
Marshall Air Handler	589,000	350,075	238,925
Beaumont United Café	319,000	218,993	100,007
Architect Fees	14,000	4,725	9,275
	<u>\$ 1,001,800</u>	<u>\$ 629,254</u>	<u>\$ 372,546</u>

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

The balance of accumulated unpaid vacation and sick leave at June 30, 2019 was \$2,069,330 and is presented as other long-term liabilities in these financial statements.

	<b>Balance July 01, 2018</b>	<b>Additions</b>	<b>Deductions - Payments to Participants</b>	<b>Balance June 30, 2019</b>
Compensated absences payable	<u>\$ 2,356,851</u>	<u>\$ 152,421</u>	<u>\$ 439,942</u>	<u>\$ 2,069,330</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, 2019, was as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2019</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 332,680,000	\$ -	\$ 16,300,000	\$ 316,380,000	\$ 11,485,000
Premiums on bonds	20,381,383	-	1,104,310	19,277,073	-
Accumulated accretion on capital appreciation bonds	1,271,714	30,374	-	1,302,088	-
Loan payable	8,992,628	-	913,024	8,079,604	933,522
Accrued compensated absences	2,356,851	152,421	439,942	2,069,330	2,069,330
Total Governmental Long-term Liabilities	<u>\$ 365,682,576</u>	<u>\$ 182,795</u>	<u>\$ 18,757,276</u>	<u>\$ 347,108,095</u>	<u>\$ 14,487,852</u>

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

**General Obligation Bonds**

General Obligation Bonds outstanding, at June 30, 2019, 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>
<u>General Obligation Bonds:</u>				
Unlimited Tax Qualified School Construction Bonds, Series 2010	\$ 14,450,000	0.00%	2/15/2026	\$ 6,755,000
Unlimited Tax School Building Bonds, Series 2010B	59,490,000	4.49% to 5.81%	2/15/2038	59,490,000
Unlimited Tax School Building Bonds, Series 2011	31,500,000	2.00% to 5.00%	2/15/2038	21,020,000
Unlimited Tax Refunding Bonds, Series 2012	8,070,000	2.00% to 3.00%	2/15/2038	7,320,000
Unlimited Tax Refunding Bonds, Series 2016	132,155,000	3.00% to 5.00%	2/15/2038	121,175,000
Unlimited Tax Refunding Bonds, Series 2017	107,040,000	3.00% to 5.00%	2/15/2038	100,620,000
				<u>\$ 316,380,000</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>
2020	\$ 11,485,000	\$ 13,014,099	\$ 24,499,099
2021	11,980,000	12,509,471	24,489,471
2022	12,495,000	11,979,109	24,474,109
2023	13,040,000	11,419,822	24,459,822
2024	13,625,000	10,821,196	24,446,196
2025 - 2029	76,180,000	45,712,850	121,892,850
2030 - 2034	94,680,000	26,264,188	120,944,188
2035 - 2038	82,895,000	7,623,716	90,518,716
	<u>\$ 316,380,000</u>	<u>\$ 139,344,451</u>	<u>\$ 455,724,451</u>

On November 15, 2018, 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, 2018, there was deposit from the District in the amount of \$5,625,000 related to 2018 cash defeasance. The par amount of refunded bonds was \$5,305,000. The net present value savings was \$4,436,769.27.

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

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 requires are as follows:

<b>Year Ending June 30th</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 933,522	\$ 181,443
2021	954,479	160,485
2022	975,907	139,057
2023	997,816	117,148
2024	1,020,217	94,747
2025-2027	3,197,663	144,749
	<u>\$ 8,079,604</u>	<u>\$ 837,629</u>

**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, 2019, there are no defeased bonds outstanding.

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>\$ 1,342,088</u>	<u>\$ 40,000</u>	<u>\$ 1,302,088</u>	<u>\$ 1,545,000</u>	2026 and 2027

**Deferred charge on refunding**

The balance of deferred charge on refunding at June 30, 2019 was \$4,436,277 and is presented as a deferred outflow of resources in the Statement of Net Position:

	<b>Balance July 01, 2018</b>	<b>Deferred Charge on New Issues</b>	<b>Recognized Amortization</b>	<b>Balance June 30, 2019</b>
Deferred charge on refunding	<u>\$ 4,632,249</u>	<u>\$ -</u>	<u>\$ 195,972</u>	<u>\$ 4,436,277</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	\$ 106,000,336	\$ 28,822,960	\$ -	\$ 134,823,296
Foreign Trade Zone Revenue	1,272,832	-	-	1,272,832
Insurance Recovery	2,816,918	-	-	2,816,918
Chapter 313 Agreement Revenue	9,987,328	-	-	9,987,328
Campus Activity	-	-	413,223	413,223
Food Service Activity	-	-	1,618,567	1,618,567
Extracurricular Activities	320,956	-	-	320,956
Investment Income	1,481,547	255,432	-	1,736,979
Local Grants	-	-	1,111,297	1,111,297
Rent	53,762	-	-	53,762
Other	534,576	-	50,000	584,576
	<u>\$ 122,468,255</u>	<u>\$ 29,078,392</u>	<u>\$ 3,193,087</u>	<u>\$ 154,739,734</u>

**Note 9 - General Fund Federal Source Revenues**

For the fiscal year ended June 30, 2019, the General Fund reports the following federal revenues:

<b>Program or Source</b>	<b>CFDA #</b>	<b>Amount</b>
SHARS	N/A	\$ 2,976,889
FEMA Aid	97.036	255,997
Build America Bonds	N/A	1,082,391
Navy JROTC	12.000	125,198
Indirect Costs:		
ESEA, Title I, Part A	84.010A	386,680
IDEA-B Formula	84.027A	233,672
SSA - IDEA - Part B, Discretionary	84.027A	1,016
IDEA-B Preschool	84.173A	3,119
Carl D. Perkins Basic Grant	84.048A	15,474
Title III , Part A, LEP	84.365A	10,005
Title II, Part A, Supporting Effective Educator	84.367A	37,183
Title IV Part A Subpart 1	84.424A	10,921
		<u>\$ 5,138,545</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, 2019 amounted to \$1,731,992. These leases primarily support governmental activities.

Future minimum lease payments are as follows:

<b>Year</b>	<b>Amount</b>
2020	\$ 834,626
2021	579,107
2022	308,658
	<u>\$ 1,722,391</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://www.trs.texas.gov/TRS%20Documents/cafr\\_2018.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf); by writing to TRS 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)**

**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.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2018</b>	<b>2019</b>
Member	7.70%	7.70%
Non-Employer Contributing Entity	6.80%	6.80%
Employers	6.80%	6.80%

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 (2018)</b>		<b>Fiscal Year (2019)</b>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS Contributions</b>
Member (Employee)	\$ 7,534,019	\$ -	\$ 7,563,343
Non-employer contributing agency (State)	5,021,246	8,125,113	4,974,380
District	2,970,860	6,965,641	2,670,678

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.

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

**D. Contributions (continued)**

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, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%*
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 primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%.



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

**F. Discount Rate (continued)**

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, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation<sup>1</sup></u>	<u>Long-Term Expected Arithmetic Real Rate of Return<sup>2</sup></u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
<b>Global Equity</b>			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.20%	1.32%
<b>Stable Value</b>			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectations			2.30%
Volatility Drag <sup>3</sup>			-0.79%
<b>Total</b>	<u>100.00%</u>		<u>7.25%</u>

<sup>1</sup> Target allocations are based on the FY2016 policy model.

<sup>2</sup> Capital market assumptions come from Aon Hewitt (2017 Q4)

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**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 (6.907%) in measuring the Net Pension Liability.

	<u>Discount Rate</u>		
	<u>1% Decrease (5.907%)</u>	<u>Current Rate (6.907%)</u>	<u>1% Increase (7.907%)</u>
District's proportional share of the net pension liability	\$ 73,260,455	\$ 48,541,296	\$ 28,529,670

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

**G. Discount Rate Sensitivity Analysis (continued)**

At June 30, 2019, the District reported a liability of \$48,541,296 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		0.0882%
District's proportionate share of the net pension liability	\$	48,541,296
State's proportionate share of the net pension liability associated with the District		82,093,947
Total	\$	<u>130,635,243</u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 and rolled forward to August 31, 2018. 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, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.08820% which was a decrease from its proportion measured as of August 31, 2017 of 0.09660%.

**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 Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$6,965,641. The District also recognized revenue of \$8,125,113 representing pension expense incurred by the State on behalf of the District.

**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**

At June 30, 2019, 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	\$ 302,567	\$ (1,191,012)
Changes in actuarial assumptions	17,501,475	(546,922)
Net difference between projected and actual earnings on pension plan investments	-	(921,036)
Changes in proportion and differences between District contributions and proportionate share of contributions	6,832,291	(2,508,551)
District contributions subsequent to the measurement date	2,174,656	-
Total	<u>\$ 26,810,989</u>	<u>\$ (5,167,521)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$2,174,656 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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>
2020	\$ 5,270,256
2021	3,332,002
2022	2,829,387
2023	3,510,985
2024	2,896,877
Thereafter	1,629,305
	<u>\$ 19,468,812</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://www.trs.texas.gov/TRS%20Documents/cafr\\_2018.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf); by writing to TRS 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 (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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 Monthly for Retirees</b> Effective January 1, 2018 - December 31, 2018		
	<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.

	Contribution Rates	
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to 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 \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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:

	Measurement Year (2018)		Fiscal Year June 30, 2019
	Contributions	OPEB Expense	Contributions
Member (Employee)	\$ 635,348	\$ -	\$ 638,781
Non-employer contributing agency (State)	1,126,908	2,971,044	1,128,611
District	933,781	2,317,336	908,872

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

**E. Actuarial Assumptions**

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations 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, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in this report.

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 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).

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

***Additional Actuarial Methods and Assumptions:***

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate*	3.69%
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%**
Healthcare trend rates	6.75% to 107.74%***
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc post-employment benefit changes	None

\* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

\*\* Includes Inflation at 2.30%

\*\*\* Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees.

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

**E. Actuarial Assumptions (continued)**

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

**F. Discount Rate**

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% 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 (3.69%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
District's proportionate share of the Net OPEB Liability:	\$ 80,450,320	\$ 67,585,798	\$ 57,409,131

*Healthcare Cost Trend Rates* - The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 56,131,106	\$ 67,585,798	\$ 82,671,875

**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**

At June 30, 2019, the District reported a liability of \$67,585,798 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	\$ 67,585,798
State's proportionate share that is associated with District	<u>81,680,446</u>
Total	<u>\$ 149,266,244</u>

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 through August 31, 2018.

At August 31, 2018 the District's proportion of the collective Net OPEB Liability was 0.13540% which was an increase of 0.00920% from its proportion measured as of August 31, 2017.

***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 total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,317,336 and revenue of \$2,971,044 representing OPEB expense incurred by the State on behalf of the District.



**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)**

***Deferred Outflows and Deferred Inflows of Resources Related to OPEB***

At June 30, 2019, 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	\$ 3,586,527	\$ (1,066,603)
Changes in actuarial assumptions	1,127,824	(20,305,654)
Net difference between projected and actual investment earnings	11,820	-
Changes in proportion and difference between the employer's		
contributions and the proportionate share of contributions	5,026,658	-
Contributions paid to TRS subsequent to the measurement date	814,278	-
Total	<u>\$ 10,567,107</u>	<u>\$ (21,372,257)</u>

The \$814,278 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, 2020. 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:

Year Ending June 30	OPEB Expense Amount
2020	\$ (2,034,704)
2021	(2,034,704)
2022	(2,034,704)
2023	(2,036,939)
2024	(2,038,218)
Thereafter	(1,440,159)
	<u>\$ (11,619,428)</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, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on-behalf of the District were \$378,050, \$318,050, and \$301,122, respectively. The information for the year ended June 30, 2019 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.

**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, 2019, 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, 2019. 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, 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
*June 30, 2017	2,448,114	1,292,391	1,165,678	2,574,827

\*for the ten months ended

**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	\$	295,667
Bridge City ISD		10,635
Bob Hope School		6,858
Buna ISD		14,039
Hardin-Jefferson ISD		38,713
Little-Cypress Mauriceville CISD		33,140
Lumberton ISD		33,137
Nederland ISD		10,635
Orangefield ISD		10,635
Port Arthur ISD		136,987
Port-Neches Groves ISD		29,993
Silsbee ISD		15,953
Spurger ISD		5,317
Vidor ISD		136,987
West Orange Cove CISD		47,435
Woodville ISD		10,635
	\$	836,766

**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, 2019.

**Note 17 - Other Post-Employment Benefits**

The District does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the district.

**Note 18 - Extraordinary Item - Allocating Indebtedness and Property**

On May 21, 2019, an order allocating indebtedness and property from Beaumont Independent School District (BISD) and Hardin-Jefferson Independent School District (HJISD) was signed and approved by the Commissioners Court of Hardin County. HJISD paid BISD a one-time lump sum payment of \$652,154 as an equitable allocation of indebtedness. Such allocated funds represented an equitable portion of BISD's bonded indebtedness considering the taxable values of the districts, the affected territory, and BISD's outstanding bond debt.

**Note 19 - Tax Abatements**

Currently, the District has eight (8) 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 \$44,262 for fiscal year June 30, 2019. The project value's value limitation is \$30,000,000, with a total project value of \$56,693,900. The applicant's M&O taxes have been reduced by \$250,819.

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 \$147,959,300. The applicant's M&O taxes were reduced by \$1,230,768. However, the net benefit to the District was \$231,296.

Natgasoline LLC's (Application No. 311) first year's value limitation was tax year 2017. The net benefit to the District is \$6,715,256 for fiscal year June 30, 2019. The project value's value limitation is \$30,000,000, with a total project value of \$955,938,000. The applicant's M&O taxes have been reduced by \$3,008,347.

**Note 19 - Tax Abatements (continued)**

BASF Corporation (Application No. 375) first year's value limitation was tax year 2017. The net benefit to the District is \$569,872 for fiscal year June 30, 2019. The project value's value limitation is \$30,000,000, with a total project value of \$112,117,100. The applicant's M&O taxes have been reduced by \$284,145.

Exxon (Application No. 1118) first year's value limitation will be fiscal year 2020. However, there was no current year value limitation, reduction in taxes or benefit/loss.

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

Arkema Inc. (Application No. 1190) has terminated the value limitation agreement during fiscal year 2019.

**Note 20 - Subsequent Events**

*Texas Education Agency (TEA) Conservator Assignment*

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. The conservator's role will include, but is not limited to, the following:

- Submitting monthly reports documenting the District's progress;
- Overseeing the financial management and governance of the District to ensure the District complies with state and federal law; and
- Attending board meetings, including executive session, and directing the Board as necessary.

*Tropical Storm Imelda*

An emergency existed pursuant to Section 551.045 of the Texas Government Code because of an imminent threat to public health and safety; and/or a reasonably unforeseeable situation (as further defined in Subsection 551.045(e)), in that Beaumont Independent School District (Jefferson County) had been declared in a state of emergency by the Texas Governor and had suffered extensive damage because of Tropical Storm Imelda

On September 20, 2019, resolutions were approved by the Board declaring state of emergency and authorizing employee pay during emergency school closing.

Beaumont United High School and Fehl Price were closed indefinitely.



## **REQUIRED SUPPLEMENTARY INFORMATION**





**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For Fiscal Year Ended June 30, 2019**

*Exhibit G-1*

Data Control Codes	Budgeted Amounts			Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues					
5700	Local revenues	\$ 116,928,166	\$ 121,546,944	\$ 122,468,255	\$ 921,311
5800	State program revenues	39,556,681	36,550,161	35,223,534	(1,326,627)
5900	Federal program revenues	3,655,285	4,315,163	5,138,545	823,382
5020	Total revenues	160,140,132	162,412,268	162,830,334	418,066
Expenditures					
Current:					
0011	Instruction	85,731,588	83,623,130	78,572,047	5,051,083
0012	Instruction resources and media services	1,512,970	1,498,238	1,272,868	225,370
0013	Curriculum and instructional staff development	543,615	785,257	499,730	285,527
0021	Instructional leadership	3,260,747	3,491,913	3,293,502	198,411
0023	School leadership	9,238,007	9,277,570	9,231,969	45,601
0031	Guidance, counseling and evaluation services	5,344,418	5,345,112	4,869,426	475,686
0032	Social work services	224,535	234,535	219,378	15,157
0033	Health services	2,015,773	2,023,378	1,886,920	136,458
0034	Student transportation	6,250,909	6,650,459	6,027,051	623,408
0036	Extracurricular activities	5,173,264	6,056,116	5,648,505	407,611
0041	General administration	7,718,415	8,320,663	7,055,636	1,265,027
0051	Facilities maintenance and operations	21,858,196	24,144,184	20,960,555	3,183,629
0052	Security and monitoring services	2,663,209	3,321,029	2,725,870	595,159
0053	Data processing services	2,315,882	2,231,654	1,966,455	265,199
0061	Community services	163,593	163,593	96,039	67,554
Debt Service:					
0071	Principal on long-term debt	913,025	950,645	913,024	37,621
0072	Interest on long-term debt	201,940	164,320	201,940	(37,620)
Capital Outlay:					
0081	Facilities acquisition and construction	3,045,746	7,383,685	3,483,595	3,900,090
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	339,300	339,300	263,168	76,132
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	150,000	150,000	150,000	-
0099	Other Intergovernmental Charges	1,500,000	1,500,000	1,139,537	360,463
6030	Total Expenditures	160,165,132	167,654,781	150,477,215	17,177,566
1100	Excess (deficiency) of revenues over expenditures	(25,000)	(5,242,513)	12,353,119	17,595,632
Other Financing Sources (Uses)					
7912	Sale of property	25,000	2,625,000	790,327	(1,834,673)
8911	Transfers out	-	(6,492)	(6,492)	-
7080	Total other financing sources and uses	25,000	2,618,508	783,835	(1,834,673)
1200	Net change in fund balances	-	(2,624,005)	13,136,954	15,760,959
0100	Fund balances - beginning	43,057,766	43,057,766	43,057,766	-
3000	Fund balances - ending	\$ 43,057,766	\$ 40,433,761	\$ 56,194,720	\$ 15,760,959

**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, 2019, 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	\$ 7,489,649	\$ 611,371	\$ -

The amendments approved for the General Fund other than those to transfer funds between functions were to record expenditures related to TRS On-behalf, to set up the budget for pre-kindergarten supplemental funds received, salaries and benefits for new positions, the allocation of technology budget for district requirements under new E-Rate projects, and a security audit.

The amendments approved for the Child Nutrition Program Special Revenue Fund other than those to transfer funds between functions was to set up a donation to the Child Nutrition Fund to be allocated to purchase equipment.

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, 2018. 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.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**For the Last Five Measurement Years Ended August 31 <sup>(1)</sup>**

**Exhibit G-3**

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

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

Net pension liability is presented prospectively in accordance with GASB 68.

\* 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 Five Fiscal Years Ended June 30**

**Exhibit G-4**

	<u>2019</u>	<u>2018</u>	<u>* 2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,670,678	\$ 2,951,597	\$ 2,652,811	\$ 2,702,669	\$ 2,417,013
Contributions in relation to the contractual required contributions	<u>2,670,678</u>	<u>2,951,597</u>	<u>2,652,811</u>	<u>2,702,669</u>	<u>2,417,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 98,273,936	\$ 98,549,158	\$ 84,255,425	\$ 98,619,316	\$ 93,461,105
Contributions as a percentage of covered payroll	2.72%	3.00%	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.

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**

*Exhibit G-5*

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 Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

**Changes of 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 Two Measurement Years Ended August 31 <sup>(1)</sup>**

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.13540%	0.12620%
District's proportionate share of the net OPEB liability	\$ 67,585,798	\$ 54,875,362
State's proportionate share of the net OPEB liability associated with the District	<u>81,680,446</u>	<u>78,005,031</u>
Total	<u>\$ 149,266,244</u>	<u>\$ 132,880,393</u>
District's covered payroll (for Measurement Year)	\$ 97,745,584	\$ 101,644,863
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	69.1%	54.0%
Plan fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	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 Two Fiscal Years Ended June 30*

*Exhibit G-7*

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

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

### **Changes of Assumptions**

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

### **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, 2019**

**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	\$ -	\$ 9,180	\$ -	\$ -
	<b>Receivables:</b>				
1240	Receivables from other governments	550,736	1,308,376	680,082	61,951
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	606	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 550,736</u>	<u>\$ 1,317,556</u>	<u>\$ 680,688</u>	<u>\$ 61,951</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 10,591	\$ 171,061	\$ 88,504	\$ 630
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	337,695	627,628	316,969	36,532
2170	Due to other funds	202,450	518,867	275,215	24,789
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>550,736</u>	<u>1,317,556</u>	<u>680,688</u>	<u>61,951</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>\$ 550,736</u>	<u>\$ 1,317,556</u>	<u>\$ 680,688</u>	<u>\$ 61,951</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

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

		240	242	244
<b>Data</b>				
<b>Control</b>				
<b>Codes</b>				
		<b>Child Nutrition</b>	<b>Summer Feeding Program</b>	<b>Vocational Ed. - Basic</b>
	<b>Assets</b>			
1110	Cash and temporary investments	\$ 2,459,719	\$ -	\$ -
	<b>Receivables:</b>			
1240	Receivables from other governments	26	133,332	73,041
1260	Due from other funds	1,610,236	108,260	-
1290	Other receivables	3,075	-	-
1310	Inventories, at cost	35,992	-	-
1410	Prepaid items	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 4,109,048</b>	<b>\$ 241,592</b>	<b>\$ 73,041</b>
	<b>Liabilities and Fund Balances</b>			
	<b>Liabilities:</b>			
2110	Accounts payable	\$ 87,776	\$ 3,713	\$ 2,399
2150	Payroll deduction and withholdings payable	78,804	-	-
2160	Accrued wages payable	361,180	23,688	6,178
2170	Due to other funds	3,112	28,762	64,464
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>530,872</b>	<b>56,163</b>	<b>73,041</b>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions	3,578,176	185,429	-
	<b>Committed:</b>			
3545	Other purposes	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>3,578,176</b>	<b>185,429</b>	<b>-</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,109,048</b>	<b>\$ 241,592</b>	<b>\$ 73,041</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

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

Data Control Codes		255	263	265	272
		ESEA Title II, A - Training and Recruiting	ESEA Title III, A - English Lang. Acquisition	Title IV, Part B - 21st Century Community Learning Centers	Medicaid Administrative Claiming Program - MAC
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 71,497
	<b>Receivables:</b>				
1240	Receivables from other governments	265,019	11,852	307,365	-
1260	Due from other funds	-	-	-	219,367
1290	Other receivables	1,651	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 266,670</u>	<u>\$ 11,852</u>	<u>\$ 307,365</u>	<u>\$ 290,864</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 30,319	\$ 1,404	\$ 1,240	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	20,329	208	45,424	-
2170	Due to other funds	216,022	10,240	250,092	-
2180	Due to other governments	-	-	10,609	-
2300	Unearned revenues	-	-	-	290,864
<b>2000</b>	<b>Total Liabilities</b>	<u>266,670</u>	<u>11,852</u>	<u>307,365</u>	<u>290,864</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>\$ 266,670</u>	<u>\$ 11,852</u>	<u>\$ 307,365</u>	<u>\$ 290,864</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

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

<b>Data Control Codes</b>		<b>289</b>	<b>315</b>	<b>340</b>	<b>410</b>
		<b>Summer School LEP</b>	<b>SSA - IDEA - Part B, Discretionary</b>	<b>SSA - IDEA, Part C, Early Intervention (Deaf)</b>	<b>Instructional Materials Allotment</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 16,639	\$ -	\$ -	\$ -
	<b>Receivables:</b>				
1240	Receivables from other governments	7,991	46,717	375	2,081,367
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 24,630</b>	<b>\$ 46,717</b>	<b>\$ 375</b>	<b>\$ 2,081,367</b>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ 1,487	\$ 375	\$ 1,959,663
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	17,640	14,762	-	-
2170	Due to other funds	-	29,822	-	110,447
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	6,990	646	-	11,257
<b>2000</b>	<b>Total Liabilities</b>	<b>24,630</b>	<b>46,717</b>	<b>375</b>	<b>2,081,367</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>\$ 24,630</b>	<b>\$ 46,717</b>	<b>\$ 375</b>	<b>\$ 2,081,367</b>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

**Exhibit H-1**  
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		423	429	433	435
<b>Data</b>				<b>SSA -</b>	
<b>Control</b>				<b>Professional</b>	<b>SSA - Regional</b>
<b>Codes</b>		<b>Barbara Bush</b>	<b>Technology</b>	<b>Staff</b>	<b>Day School for</b>
		<b>Family Literacy</b>	<b>Lending Grant</b>	<b>Development</b>	<b>the Deaf State</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ -	\$ 29,082	\$ -	\$ 26,731
	<b>Receivables:</b>				
1240	Receivables from other governments	12,946	-	-	66,076
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 12,946</u>	<u>\$ 29,082</u>	<u>\$ -</u>	<u>\$ 92,807</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	89,756
2170	Due to other funds	12,489	-	-	-
2180	Due to other governments	-	350	-	-
2300	Unearned revenues	457	28,732	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>12,946</u>	<u>29,082</u>	<u>-</u>	<u>89,756</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	3,051
	<b>Committed:</b>				
3545	Other purposes	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,051</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 12,946</u>	<u>\$ 29,082</u>	<u>\$ -</u>	<u>\$ 92,807</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

**Exhibit H-1**  
**Page 6 of 10**

Data Control Codes		446	461	481	482
		State Local Funded Regional Day School Deaf - Local	Campus Activity Fund	BASF Foundation - Science	Success Grant - Susser
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 501,352	\$ 673,106	\$ 1,004	\$ 32,134
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	3,028	309	-
1290	Other receivables	-	-	-	636
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	418
<b>1000</b>	<b>Total Assets</b>	<u>\$ 501,352</u>	<u>\$ 676,134</u>	<u>\$ 1,313</u>	<u>\$ 33,188</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 632	\$ 13,333	\$ -	\$ 418
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	35,534	-	-	3,750
2170	Due to other funds	379,252	228,906	-	20,871
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	85,934	-	1,313	8,149
<b>2000</b>	<b>Total Liabilities</b>	<u>501,352</u>	<u>242,239</u>	<u>1,313</u>	<u>33,188</u>
	<b>Fund Balance:</b>				
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Other purposes	-	433,895	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>433,895</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 501,352</u>	<u>\$ 676,134</u>	<u>\$ 1,313</u>	<u>\$ 33,188</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

**Exhibit H-1**  
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	483	484	485	486
<b>Data Control Codes</b>	<b>Natatorium Swim Program</b>	<b>Campus After School Program</b>	<b>Exxon-Mobil Future Leaders</b>	<b>ExxonMobil - Project Boost</b>
<b>Assets</b>				
1110 Cash and temporary investments	\$ 12,908	\$ 44,239	\$ 2,500	\$ 2,144
<b>Receivables:</b>				
1240 Receivables from other governments	-	-	-	-
1260 Due from other funds	-	-	-	-
1290 Other receivables	-	-	-	-
1310 Inventories, at cost	-	-	-	-
1410 Prepaid items	-	-	-	-
<b>1000 Total Assets</b>	<b>\$ 12,908</b>	<b>\$ 44,239</b>	<b>\$ 2,500</b>	<b>\$ 2,144</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
2110 Accounts payable	\$ -	\$ -	\$ -	\$ -
2150 Payroll deduction and withholdings payable	-	-	-	-
2160 Accrued wages payable	-	-	-	-
2170 Due to other funds	-	-	-	-
2180 Due to other governments	-	-	-	-
2300 Unearned revenues	12,908	44,239	2,500	2,144
<b>2000 Total Liabilities</b>	<b>12,908</b>	<b>44,239</b>	<b>2,500</b>	<b>2,144</b>
<b>Fund Balance:</b>				
<b>Restricted:</b>				
3450 Federal/State funds grant restrictions	-	-	-	-
<b>Committed:</b>				
3545 Other purposes	-	-	-	-
<b>3000 Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000 Total Liabilities and Fund Balance</b>	<b>\$ 12,908</b>	<b>\$ 44,239</b>	<b>\$ 2,500</b>	<b>\$ 2,144</b>



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

**Exhibit H-1**  
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		487	489	490	491
<b>Data Control Codes</b>		<b>Exxon-Mobil Reading Initiative</b>	<b>Community Education Program</b>	<b>GED Testing - Adult Education</b>	<b>Misc Grants</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 75,597	\$ 8,846	\$ 30,550	\$ 3,555
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	18,873	-	3,112	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 94,470</u>	<u>\$ 8,846</u>	<u>\$ 33,662</u>	<u>\$ 3,555</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 1,398	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	1,175	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	91,897	8,846	33,662	3,555
<b>2000</b>	<b>Total Liabilities</b>	<u>94,470</u>	<u>8,846</u>	<u>33,662</u>	<u>3,555</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>\$ 94,470</u>	<u>\$ 8,846</u>	<u>\$ 33,662</u>	<u>\$ 3,555</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
June 30, 2019

*Exhibit H-1*  
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		492	495	497	498
<b>Data Control Codes</b>		<b>Thomas Center - Scoreboard</b>	<b>Texas Data Champions</b>	<b>Mostyn/Moreno Education Foundation</b>	<b>District Incentive Program</b>
	<b>Assets</b>				
1110	Cash and temporary investments	\$ 25,811	\$ 2,648	\$ 5,000	\$ 17,649
	<b>Receivables:</b>				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	81,504	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 107,315</u>	<u>\$ 2,648</u>	<u>\$ 5,000</u>	<u>\$ 17,649</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
2110	Accounts payable	\$ 8,900	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	98,415	2,648	5,000	17,649
<b>2000</b>	<b>Total Liabilities</b>	<u>107,315</u>	<u>2,648</u>	<u>5,000</u>	<u>17,649</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>\$ 107,315</u>	<u>\$ 2,648</u>	<u>\$ 5,000</u>	<u>\$ 17,649</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

**Exhibit H-1**  
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499

<b>Data Control Codes</b>		<b>Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Assets</b>		
1110	Cash and temporary investments	\$ 48,578	\$ 4,100,469
	<b>Receivables:</b>		
1240	Receivables from other governments	-	5,607,252
1260	Due from other funds	30,516	2,075,205
1290	Other receivables	-	5,968
1310	Inventories, at cost	-	35,992
1410	Prepaid items	-	418
<b>1000</b>	<b>Total Assets</b>	<b>\$ 79,094</b>	<b>\$ 11,825,304</b>
	<b>Liabilities and Fund Balances</b>		
	<b>Liabilities:</b>		
2110	Accounts payable	\$ -	\$ 2,383,843
2150	Payroll deduction and withholdings payable	-	78,804
2160	Accrued wages payable	-	1,937,273
2170	Due to other funds	-	2,376,975
2180	Due to other governments	-	10,959
2300	Unearned revenues	67,292	825,097
<b>2000</b>	<b>Total Liabilities</b>	<b>67,292</b>	<b>7,612,951</b>
	<b>Fund Balance:</b>		
	<b>Restricted:</b>		
3450	Federal/State funds grant restrictions	11,802	3,778,458
	<b>Committed:</b>		
3545	Other purposes	-	433,895
<b>3000</b>	<b>Total Fund Balances</b>	<b>11,802</b>	<b>4,212,353</b>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 79,094</b>	<b>\$ 11,825,304</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, 2019**

**Exhibit H-2**  
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Data Control Codes		205	211	224	225
		Head Start	ESEA Title I, A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,798,965	6,994,133	3,991,547	125,692
<b>5020</b>	<b>Total Revenues</b>	<u>2,798,965</u>	<u>6,994,133</u>	<u>3,991,547</u>	<u>125,692</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	1,938,845	3,937,304	3,643,066	125,692
0012	Instruction resources and media services	42,342	1,134	-	-
0013	Curriculum and instructional staff development	34,817	179,713	2,363	-
0021	Instructional leadership	148,109	2,117,450	11,573	-
0023	School leadership	197,172	29,947	-	-
0031	Guidance, counseling and evaluation services	-	136,683	334,545	-
0032	Social work services	255,639	-	-	-
0033	Health services	103,193	6,962	-	-
0034	Student transportation	39,715	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	2,460	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	35,752	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	921	584,940	-	-
	<b>Capital outlay:</b>		-		
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>2,798,965</u>	<u>6,994,133</u>	<u>3,991,547</u>	<u>125,692</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	-	-	-
<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, 2019**

**Exhibit H-2**  
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		240	242	244
<b>Data</b>				
<b>Control</b>				
<b>Codes</b>				
	<b>Revenues</b>	<b>Child Nutrition</b>	<b>Summer Feeding Program</b>	<b>Vocational Ed. - Basic</b>
5700	Local, intermediate, and out-of-state	\$ 1,618,386	\$ 181	\$ -
5800	State program revenues	58,314	-	-
5900	Federal program revenues	9,966,010	152,913	326,641
<b>5020</b>	<b>Total Revenues</b>	<b>11,642,710</b>	<b>153,094</b>	<b>326,641</b>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	-	-	312,304
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	2,515
0021	Instructional leadership	-	-	8,322
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	2,500
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food service	10,209,955	117,621	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	192,200	-	1,000
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	<b>Capital outlay:</b>			
0081	Facilities acquisition and construction	699,507	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>11,101,662</b>	<b>117,621</b>	<b>326,641</b>
1100	Excess (deficiency) of revenues over expenditures	541,048	35,473	-
	<b>Other Financing Sources (Uses)</b>			
7912	Sale of real or personal property	39,306	-	-
7915	Transfers in	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<b>39,306</b>	<b>-</b>	<b>-</b>
1200	Net change in fund balances	580,354	35,473	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<b>2,997,822</b>	<b>149,956</b>	<b>-</b>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<b>\$ 3,578,176</b>	<b>\$ 185,429</b>	<b>\$ -</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, 2019**

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		255	263	265	272
<b>Data Control Codes</b>		<b>ESEA Title II, A - Training and Recruiting</b>	<b>ESEA Title III, A - English Lang. Acquisition</b>	<b>Title IV, Part B - 21st Century Community Learning Centers</b>	<b>Medicaid Administrative Claiming Program - MAC</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	639,692	182,040	776,687	28,000
<b>5020</b>	<b>Total Revenues</b>	<u>639,692</u>	<u>182,040</u>	<u>776,687</u>	<u>28,000</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	254,819	153,544	633,354	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	345,081	25,954	-	-
0021	Instructional leadership	-	-	122,965	-
0023	School leadership	33,841	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	20,368	28,000
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	5,951	2,542	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>639,692</u>	<u>182,040</u>	<u>776,687</u>	<u>28,000</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	-	-	-
<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, 2019**

**Exhibit H-2**  
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	289	315	340	410
	Summer School LEP	SSA - IDEA - Part B, Discretionary	SSA - IDEA, Part C, Early Intervention (Deaf)	Instructional Materials Allotment
<b>Revenues</b>				
Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 14,757
State program revenues	-	-	-	2,280,723
Federal program revenues	202,207	115,397	375	-
<b>Total Revenues</b>	<u>202,207</u>	<u>115,397</u>	<u>375</u>	<u>2,295,480</u>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	53,828	108,611	375	2,295,480
Instruction resources and media services	-	-	-	-
Curriculum and instructional staff development	-	4,810	-	-
Instructional leadership	-	1,776	-	-
School leadership	-	-	-	-
Guidance, counseling and evaluation services	118,379	200	-	-
Social work services	-	-	-	-
Health services	-	-	-	-
Student transportation	-	-	-	-
Food service	-	-	-	-
Extracurricular activities	-	-	-	-
General administration	-	-	-	-
Facilities maintenance and operations	-	-	-	-
Data processing services	-	-	-	-
Community services	30,000	-	-	-
<b>Capital outlay:</b>				
Facilities acquisition and construction	-	-	-	-
<b>Total Expenditures</b>	<u>202,207</u>	<u>115,397</u>	<u>375</u>	<u>2,295,480</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Sale of real or personal property	-	-	-	-
Transfers in	-	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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, 2019**

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Data Control Codes		423	429	433	435
		Barbara Bush Family Literacy	Technology Lending Grant	SSA - Professional Staff Development	SSA - Professional Staff Development
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 4,543	\$ 1,900	\$ 5,300	\$ -
5800	State program revenues	123,081	13,715	-	578,785
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>127,624</u>	<u>15,615</u>	<u>5,300</u>	<u>578,785</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	129,573	7,474	5,300	431,511
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	8,141	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	62,776
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	84,498
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	4,543	-	-	-
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>134,116</u>	<u>15,615</u>	<u>5,300</u>	<u>578,785</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(6,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	6,492	-	-	-
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>6,492</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>3,051</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,051</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, 2019**

**Exhibit H-2**  
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		446	461	481	482
Data Control Codes		State Local Funded Regional Day School Deaf - Local	Campus Activity Fund	BASF Foundation - Science	Success Grant - Susser
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 836,766	\$ 413,223	\$ -	\$ 58,961
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>836,766</u>	<u>413,223</u>	<u>-</u>	<u>58,961</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	616,916	-	-	3,149
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	11,546	-	-	-
0021	Instructional leadership	197,977	-	-	-
0023	School leadership	-	511,796	-	-
0031	Guidance, counseling and evaluation services	5,604	-	-	55,812
0032	Social work services	-	-	-	-
0033	Health services	4,523	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	200	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>836,766</u>	<u>511,796</u>	<u>-</u>	<u>58,961</u>
1100	Excess (deficiency) of revenues over expenditures	-	(98,573)	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	-	-	-
<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	-	(98,573)	-	-
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>	<u>-</u>	<u>532,468</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$ -</u>	<u>\$ 433,895</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, 2019**

**Exhibit H-2**  
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		483	484	485	486
<b>Data</b>					
<b>Control</b>					
<b>Codes</b>					
	<b>Revenues</b>	<b>Natatorium Swim Program</b>	<b>Campus After School Program</b>	<b>Exxon-Mobil Future Leaders</b>	<b>ExxonMobil - Project Boost</b>
5700	Local, intermediate, and out-of-state	\$ 942	\$ 42,410	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>942</u>	<u>42,410</u>	<u>-</u>	<u>-</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	942	-	-	-
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	-	42,410	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>942</u>	<u>42,410</u>	<u>-</u>	<u>-</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
7915	Transfers in	-	-	-	-
<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, 2019**

**Exhibit H-2**  
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		487	489	490	491
<b>Data Control Codes</b>		<b>Exxon-Mobil Reading Initiative</b>	<b>Community Education Program</b>	<b>GED Testing - Adult Education</b>	<b>Misc Grants</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 35,202	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>35,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	35,202	-	-	-
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	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>35,202</u>	<u>-</u>	<u>-</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	-	-	-	-
7915	Transfers in	-	-	-	-
<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, 2019**

**Exhibit H-2**  
**Page 9 of 10**

		492	495	497	498
<b>Data Control Codes</b>		<b>Thomas Center - Scoreboard</b>	<b>Texas Data Champions</b>	<b>Mostyn/Moreno Education Foundation</b>	<b>District Incentive Program</b>
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 65,355	\$ 16,520	\$ -	\$ 13,053
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>65,355</u>	<u>16,520</u>	<u>-</u>	<u>13,053</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	-	-	-	-
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	26,240	-	-	-
0041	General administration	-	-	-	13,053
0051	Facilities maintenance and operations	39,115	-	-	-
0053	Data processing services	-	16,520	-	-
0061	Community services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>65,355</u>	<u>16,520</u>	<u>-</u>	<u>13,053</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	-	-	-	-
7915	Transfers in	-	-	-	-
<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, 2019**

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

		499	
<b>Data Control Codes</b>		<b>Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$ 65,588	\$ 3,193,087
5800	State program revenues	-	3,054,618
5900	Federal program revenues	-	26,300,299
5020	<b>Total Revenues</b>	<u>65,588</u>	<u>32,548,004</u>
<b>Expenditures</b>			
<b>Current:</b>			
0011	Instruction	6,521	14,693,810
0012	Instruction resources and media services	24,743	68,219
0013	Curriculum and instructional staff development	-	606,799
0021	Instructional leadership	-	2,616,313
0023	School leadership	-	772,756
0031	Guidance, counseling and evaluation services	-	716,499
0032	Social work services	-	255,639
0033	Health services	-	247,544
0034	Student transportation	-	39,715
0035	Food service	-	10,327,576
0036	Extracurricular activities	34,324	67,567
0041	General administration	-	13,053
0051	Facilities maintenance and operations	-	268,067
0053	Data processing services	-	16,520
0061	Community services	-	666,964
<b>Capital outlay:</b>			
0081	Facilities acquisition and construction	-	699,507
6030	<b>Total Expenditures</b>	<u>65,588</u>	<u>32,076,548</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>471,456</u>
<b>Other Financing Sources (Uses)</b>			
7912	Sale of real or personal property	-	39,306
7915	Transfers in	-	6,492
7080	<b>Total other financing sources and uses</b>	<u>-</u>	<u>45,798</u>
1200	Net change in fund balances	-	517,254
0100	<b>Fund balance - July 1 (beginning)</b>	<u>11,802</u>	<u>3,695,099</u>
3000	<b>Fund balance - June 30 (ending)</b>	<u>\$ 11,802</u>	<u>\$ 4,212,353</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2019**

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

<b>Data Control Codes</b>		<b>836 Alex Durley Scholarship</b>	<b>837 Joe H Tonahill Scholarship</b>	<b>838 Mike Taylor Scholarship</b>	<b>839 Charles Weinbaum Scholarship</b>	<b>841 Paul A Brown Scholarship</b>
	<b>Assets</b>					
	Current Assets					
1110	Cash and cash equivalents	\$ 17,819	\$ 20,491	\$ 3,553	\$ 1,058	\$ 10,233
	<b>Receivables:</b>					
1290	Other receivables	-	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>17,819</u>	<u>20,491</u>	<u>3,553</u>	<u>1,058</u>	<u>10,233</u>
	<b>Liabilities</b>					
	Current Liabilities					
2110	Accounts payable	-	-	-	-	-
2170	Due to other funds	-	-	-	-	-
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>\$ 10,233</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
*June 30, 2019*

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

<b>Data Control Codes</b>		<b>842 Wells, Peyton, Greenburg &amp; Hunt</b>	<b>843 Gulf Coast Area Association of School Boards</b>	<b>Total Private Purpose Trust Funds</b>	<b>Total Agency Funds</b>
	<b>Assets</b>				
	Current Assets				
1110	Cash and cash equivalents	\$ 1,500	\$ 500	\$ 55,154	\$ 485,933
	<b>Receivables:</b>				
1290	Other receivables	-	-	-	4,360
<b>1000</b>	<b>Total Assets</b>	<u>1,500</u>	<u>500</u>	<u>55,154</u>	<u>\$ 490,293</u>
	<b>Liabilities</b>				
	Current Liabilities				
2110	Accounts payable	-	-	-	\$ 1,579
2170	Due to other funds	-	-	-	125,028
2190	Due to student groups	-	-	-	363,686
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 490,293</u>
	<b>Net Position</b>				
3800	Restricted	<u>\$ 1,500</u>	<u>\$ 500</u>	<u>\$ 55,154</u>	

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2019*

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

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



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended June 30, 2019*

*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	\$ 1,500	\$ -	\$ -	\$ 1,500
<b>Total additions</b>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
<b>Deductions</b>				
Non-operating expenses	1,500	-	-	1,500
<b>Total deductions</b>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Change in net position	-	-	-	-
<b>Net position beginning of year</b>	<u>10,233</u>	<u>1,500</u>	<u>500</u>	<u>55,154</u>
<b>Net position end of year</b>	<u>\$ 10,233</u>	<u>\$ 1,500</u>	<u>\$ 500</u>	<u>\$ 55,154</u>



## **REQUIRED TEA SCHEDULES**

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
*For the Year Ended June 30, 2019*

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

	1	2	3	10
	Tax Rates		Net Assessed/Appraised	Beginning
Last Ten			Value For School	Balance
Fiscal Years	Maintenance	Debt Service	Tax Purposes	7/1/2018
2010 and prior	Various	Various	Various	\$ 3,308,846
2011	1.040000	0.270000	9,084,485,215	495,053
2012	1.040000	0.285000	9,279,574,505	555,668
2013	1.040000	0.275000	9,259,420,913	634,887
2014	1.040000	0.275000	9,783,235,099	789,570
2015	1.040000	0.275000	9,775,170,418	1,027,150
2016	1.040000	0.275000	9,648,331,407	1,171,897
2017	1.040000	0.275000	9,871,550,494	1,511,835
2018	1.040000	0.254050	10,268,422,996	2,921,203
2019	1.040000	0.254050	10,406,282,292	-
1000 Totals				<u>\$ 12,416,109</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
*For the Year Ended June 30, 2019*

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

	<b>20</b>	<b>31</b>	<b>32</b>	<b>40</b>	<b>50</b>
<b>Last Ten Fiscal Years</b>	<b>Current Year's Total Levy</b>	<b>Maintenance Total Collections</b>	<b>Debt Service Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 6/30/2019</b>
2010 and prior	\$	\$ 51,834	\$ 5,625	\$ (215,916)	\$ 3,035,471
2011		20,629	5,356	(9,288)	459,780
2012		27,554	7,551	(7,756)	512,807
2013		41,092	10,866	(6,387)	576,542
2014		62,079	16,415	(6,967)	704,109
2015		146,909	38,846	(6,012)	835,383
2016		168,633	44,591	(6,900)	951,773
2017		230,314	60,901	(11,375)	1,209,245
2018		841,025	205,445	(389,657)	1,485,076
2019	<u>134,662,496</u>	<u>103,331,779</u>	<u>28,170,222</u>	<u>(145,763)</u>	<u>3,014,732</u>
<b>1000 Totals</b>	<u>\$ 134,662,496</u>	<u>\$ 104,921,848</u>	<u>\$ 28,565,818</u>	<u>\$ (806,021)</u>	<u>12,784,918</u>
Penalty and interest receivable on taxes					<u>11,197,873</u>
<b>Total taxes receivable per Exhibit C-1</b>					<u>\$ 23,982,791</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD NUTRITION PROGRAM FUND**  
*For the Year Ended June 30, 2019*

*Exhibit J-2*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
	Revenues				
5700	Local revenues	\$ 1,796,225	\$ 1,796,225	\$ 1,618,386	\$ (177,839)
5800	State program revenues	64,800	64,800	58,314	(6,486)
5900	Federal program revenues	9,622,500	9,622,500	9,966,010	343,510
5020	Total Revenues	11,483,525	11,483,525	11,642,710	159,185
	Expenditures				
	Current:				
0035	Food services	11,563,574	11,563,574	10,209,955	1,353,619
0051	Facilities maintenance and operations	270,650	270,650	192,200	78,450
	Capital Outlay:				
0081	Facilities acquisition and construction	1,185,000	1,796,371	699,507	1,096,864
6030	Total Expenditures	13,019,224	13,630,595	11,101,662	2,528,933
1100	Excess (deficiency) of revenues over expenditures	(1,535,699)	(2,147,070)	541,048	2,688,118
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	39,306	39,306
7080	Total other financing sources and uses	-	-	39,306	39,306
1200	Net change in fund balances	(1,535,699)	(2,147,070)	580,354	2,727,424
0100	Fund balances - beginning	2,997,822	2,997,822	2,997,822	-
3000	Fund balances - ending	\$ 1,462,123	\$ 850,752	\$ 3,578,176	\$ 2,727,424

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
*For the Year Ended June 30, 2019*

*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	\$ 27,892,226	\$ 28,751,415	\$ 29,078,392	\$ 326,977
5800	State program revenues	-	-	523,500	523,500
<b>5020</b>	<b>Total Revenues</b>	<u>27,892,226</u>	<u>28,751,415</u>	<u>29,601,892</u>	<u>850,477</u>
	<b>Expenditures</b>				
	<b>Debt Service:</b>				
0071	Principal on long-term debt	16,620,501	16,620,501	16,299,999	320,502
0072	Interest on long-term debt	13,750,675	13,750,675	13,941,669	(190,994)
0073	Bond issuance costs and fees	20,000	20,000	5,635	14,365
<b>6030</b>	<b>Total Expenditures</b>	<u>30,391,176</u>	<u>30,391,176</u>	<u>30,247,303</u>	<u>143,873</u>
1100	Excess (deficiency) of revenues over expenditures	(2,498,950)	(1,639,761)	(645,411)	994,350
1200	Net change in fund balances	(2,498,950)	(1,639,761)	6,743	1,646,504
<b>0100</b>	<b>Fund balances - beginning</b>	<u>14,446,264</u>	<u>14,446,264</u>	<u>14,446,264</u>	<u>-</u>
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 11,947,314</u>	<u>\$ 12,806,503</u>	<u>\$ 14,453,007</u>	<u>\$ 1,646,504</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/Board of Managers  
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, 2019, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated November 5, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 determination of financial statement amounts. 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/Board of Managers  
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  
November 5, 2019

**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/Board of Managers  
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, 2019. 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 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, 2019.

## Report on Internal Control Over Compliance

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

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

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

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

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

Houston, Texas  
November 5, 2019

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2019*

**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?	None Reported
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)?	None
Identification of major programs:	
Name of Federal Program or Cluster	CFDA Numbers
<b>U.S. Department of Education:</b>	
ESEA Title I, Part A - Improving Basic Programs	84.010A
Title I 1003 School Improvement	84.010A
Title I, Part D, Subpart D - Delinquent Programs	84.010A
ESEA Title I, Part A - 2018-2019 School Transformation	84.010A
2018-2019 Texas 21 <sup>st</sup> Century Community Learning Centers, Cycle 10, Year 1	84.287C
Dollar Threshold Considered Between Type A and Type B <i>Federal</i> Programs	\$821,387
Auditee qualified as low-risk auditee?	Yes

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended June 30, 2019***

**II. Financial Statement Findings**

No current findings were noted.

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

There were no current year federal award findings.



**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

**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	Naval JROTC	199	12.000	\$ 125,197
	<b>Total U.S. Department of Justice</b>			<u>125,197</u>
	<b>U.S. Department of Education</b>			
	<b>Passed Through Texas Education Agency:</b>			
	<b><u>Special Education Cluster:</u></b>			
196600011239106000	IDEA-B Formula	224	84.027A	1,603,802
186600011239106000	IDEA-B Formula	224	84.027A	2,621,417
196600011239106000	IDEA-B Discretionary - Deaf	315	84.027A	116,413
196610011239106610	IDEA-B Preschool	225	84.173A	23,033
186610011239106610	IDEA-B Preschool	225	84.173A	<u>105,778</u>
	<b>Total Special Education Cluster</b>			<u>4,470,443</u>
	<b>Title I Part A and Title I Part D:</b>			
19610101123910	ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	6,383,295
18610101123910	ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	328,385
19610141123910	Title I 1003 School Improvement	211	84.010A	187,758
18610123123910	Title I 1003 School Improvement	211	84.010A	98,736
19610103123910	Title I, Part D, Subpart D - Delinquent Programs	211	84.010A	63,402
18610103123910	Title I, Part D, Subpart D - Delinquent Programs	211	84.010A	33,783
196101427110002	ESEA, Title I, Part A - 2018-2019 School Transformation	211	84.010A	285,454
	<b>Total Title I Part A and Title I Part D</b>			<u>7,380,813</u>
19420006123910	Career and Technical - Basic Grant	244	84.048A	335,965
18420006123910	Career and Technical - Basic Grant	244	84.048A	6,150
183911011239103000	IDEA-C Early Intervention	340	84.181A	375
19694501123910	Title II, Part A, Supporting Effective Educator	255	84.367A	606,729
18694501123910	Title II, Part A, Supporting Effective Educator	255	84.367A	70,146
19671001123910	Title III , Part A, ELA	263	84.365A	173,531
18671001123910	Title III , Part A, LEP	263	84.365A	18,514
19680101123910	Title IV Part A Subpart 1	289	84.424A	186,870
18680101123910	Title IV Part A Subpart 1	289	84.424A	16,245
69551802	Summer School LEP	289	84.369A	<u>10,013</u>
	<b>Total Passed Through Texas Education Agency</b>			<u>13,275,794</u>
	<b>Passed Through Save The Children Federations Inc.</b>			
196950267110044	2018-2019 Texas 21st Century Community Learning Centers, Cycle 10, Year 1	265	84.287C	<u>776,687</u>
	<b>Total Passed Through Save The Children Federations Inc.</b>			<u>776,687</u>
	<b>Total U.S. Department of Education</b>			<u>14,052,481</u>
	<b>U.S. Department of Health &amp; Human Services</b>			
	<b>Direct Program:</b>			
06CH7087-05-01	Head Start - 2019	205	93.600	2,613,035
06CH7087-05-00	Head Start - 2018	205	93.600	<u>185,930</u>
	<b>Total Direct Program</b>			<u>2,798,965</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 Passed Through Texas Health and Human Services</b>			<u>28,000</u>
	<b>Total U.S. Department of Health &amp; Human Services</b>			<u>2,826,965</u>

**BEAUMONT INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended June 30, 2019*

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

<b>(2A)</b> <b>Pass Through</b> <b>Entity Identifying</b> <b>Number</b>	<b>(1)</b> <b>Federal Grantor/</b> <b>Pass-Through Grantor/</b> <b>Program Title</b>	<b>District</b> <b>Fund</b> <b>Number</b>	<b>(2)</b> <b>Federal</b> <b>CFDA</b> <b>Number</b>	<b>(3)</b> <b>Federal</b> <b>Expenditures</b>
	<b>U.S. Department of Homeland Security</b>			
	<b>Passed Through Texas Department of Public Safety's Division of</b>			
	<b>Emergency Management:</b>			
4332DRTXP0000001	<i>Public Assistance - FEMA Aid</i>	199	97.036	<u>\$ 255,997</u>
	<b>Total U.S. Department of Homeland Security</b>			<u>255,997</u>
	<b>U.S. Department of Agriculture</b>			
	<b><u>Child Nutrition Cluster:</u></b>			
	<b>Passed Through the Texas Department of Agriculture:</b>			
	Non Cash assistance (Commodities):			
CE654	<i>National School Lunch Program</i>	240	10.555	653,869
	Cash Assistance:			
00654	<i>Summer Feeding Program</i>	242	10.559	<u>152,913</u>
	<b>Total Passed Through Texas Department of Agriculture</b>			<u>806,782</u>
	<b>Passed Through Texas Education Agency:</b>			
	Cash assistance:			
71401901	<i>School Breakfast Program</i>	240	10.553	2,664,629
71301901	<i>National School Lunch Program</i>	240	10.555	<u>6,647,512</u>
	<b>Total Passed Through Texas Education Agency</b>			<u>9,312,141</u>
	<b>Total Child Nutrition Cluster</b>			<u>10,118,923</u>
	<b>Total U.S. Department of Agriculture</b>			<u>10,118,923</u>
	<b>Total Expenditures of Federal Awards</b>			<u>\$ 27,379,563</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, 2019. 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	\$ 27,379,563
Build America Bonds - Federal Interest Subsidy	1,082,392
Medicaid SHARS	2,976,889
Total Federal Revenue - Exhibit C-3	<u>\$ 31,438,844</u>

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

**Exhibit K-2**  
**(continued)**

**Note 4 - General Fund Expenditures**

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

Total Expenditures of Federal Awards on Exhibit K-1	\$ 27,379,563
Build America Bonds - Federal Interest Subsidy	1,082,392
Medicaid SHARS	<u>2,976,889</u>
Total Federal Revenue - Exhibit C-3	<u>\$ 31,438,844</u>

## **BEAUMONT INDEPENDENT SCHOOL DISTRICT**

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

***For the Fiscal Year Ended June 30, 2019***

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, 2019***

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**

Not Applicable

# **DO NOT BIND IN REPORT**

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

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
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
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 make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 1,302,088
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ 0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$48,541,296
SF13	Pension Expense (6147) at fiscal year-end.	